



Daily Report

China

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Daily Report

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General

Foreign Ministry Holds Weekly News Briefing

Warns Clinton on Human Rights

HK2412043892 Hong Kong AFP in English 0322 GMT
24 Dec 92

[Text] Beijing, Dec 24 (AFP)—China on Thursday warned U.S. President-elect Bill Clinton not to use the United States' [as received] large trade surplus as a lever to press for improved human rights conditions here and for democratic reforms in Hong Kong. "We are opposed to linking the trade issue with other matters for this will be unhelpful to the development of economic relations and trade between China and the United States," a Chinese Foreign Ministry spokesman said.

The spokesman was responding to Clinton's statement on Tuesday [22 December] that China's huge trade surplus with the United States—put at 15 billion dollars a year by the U.S. Government—provided grounds to pressure Beijing on other issues. "That (the surplus) should give us some ground for serious discussions about what kind of world we want to live in," he said, "what kind of freedom the people of Hong Kong are going to have, what kind of freedom the people of China are going to have."

Clinton told a news conference he would be firm with China after reiterating U.S. concerns about Beijing's repression of opposition figures, use of prison labor to make export goods and alleged violations of missile and non-proliferation agreements. China is bitterly opposed to British plans to open Hong Kong's legislature to a wider electorate before the colony reverts to Chinese rule in 1997.

The president-elect earlier eased Beijing's fears by saying he supports continued most favored nation (MFN) status for China, which accords preferential tariff rates to Chinese exports to the United States. The U.S. Congress, dominated by Clinton's Democratic Party, has voted yearly to attach human rights and weapons control conditions on China's MFN status, but the attempts have been vetoed by Republican President George Bush.

The Beijing leadership fears that Clinton may move away from Bush's "policy of engagement," which asserts that continued economic contact with China is the only effective way to influence the country's future political and social course.

On U.S. F-16 Sale to Taiwan

HK2412111092 Hong Kong AFP in English 1045 GMT
24 Dec 92

[Text] Beijing, Dec 24 (AFP)—A Chinese Foreign Ministry official Thursday left open the possibility of sanctions against the United States for selling fighters to Taiwan, a day after Beijing ordered shut a French mission for the same action.

"We are firmly opposed to the arms sales to Taiwan by any country ... the question of the U.S. F-16 sale is not yet over," the spokesman said, when asked why China has reacted differently to the U.S. and French jet deals.

Four French firms are selling 60 Mirage 2000-5s to Taiwan, although the deal has yet to be officially announced by Paris. Beijing Wednesday [23 December] ordered Paris to close within a month its consulate in the booming southern city of Guangzhou.

The United States, which has signed contracts to sell 150 F-16s to China's rival Taiwan, has not faced any sanctions. Relations between the two powers has even improved recently.

"There have been different historical backgrounds of the U.S. and the French sales of weapons to Taiwan, we have made different reactions accordingly," the official Foreign Ministry spokesman said.

"The U.S. side must act strictly according to the Sino-U.S. communique of August 17, 1982," he said, recalling the agreement in which Washington promised to gradually cut arm sales to Taipei.

Korean War POW Issue 'Settled'

OW2412094692 Beijing XINHUA in English 0817
GMT 24 Dec 92

[Text] Beijing, December 24 (XINHUA)—A spokesman of the Chinese Foreign Ministry said here today that China has long settled the issue of American POWs of Korean war.

He made this remarks when asked to confirm the statement of an official of Democratic Republic of Korea that China has not returned to America hundreds of American POWs during the Korean war.

The spokesman said there are no American POWs in China, nor any remaining issues in this regard. "The assertion that China has not returned hundreds of American POWs of the Korean war is totally groundless," he added.

During the Korean war, the spokesman noted, the Chinese People's Volunteers handled the POW issue in strict compliance with the relevant provisions of the Geneva Convention relative to the treatment of prisoners of war of August 12, 1949. All the POWs were treated in a humanitarian manner. None of the POWs under Chinese control was transferred to a third country or to the Chinese territory, the spokesman said.

He said after the armistice in Korea, all cases concerning American POWs were handled according to the agreement on POWs reached by the two sides. Those who asked for repatriation were repatriated directly in groups. Those who waived the right to repatriation were turned over to the neutral nations repatriation commission for screening. Twenty-one American POWs opted to come to China. The Chinese side compiled a roster of

all those to be repatriated, and all the American repatriates were turned over to the representatives from the International Committee of the Red Cross and the United States, with each repatriate checked against the roster as he was being turned over.

He said the 21 American POWs who had refused repatriation were taken care of by the Red Cross Society of China. They were later assigned appropriate jobs according to their wish and skill. Adams G. Howard and James G. Veneris are still in China. Rufus E. Douglas died of heart disease on June 8, 1954, in spite of intensive medical treatment. All the other 18 American POWs have since left China. "The U.S. side is well aware of these facts," the spokesman said.

Views Mideast Issues

TA2412082792 Jerusalem Qol Yisra'el in Hebrew 0505
GMT 24 Dec 92

[Report from Beijing by Yo'el Nir—recorded]

[Excerpt] [Passage omitted] In a briefing to Israeli correspondents with President Hayim Herzog's entourage, PRC Foreign Ministry Spokesman Wu Jianmin said that relations between Israel and the PRC have been proceeding without any impediment ever since their establishment 11 months ago. Israel and the PRC complement each other economically, Wu Jianmin said, and he expects all ties—not just economic ones—will develop and mutual understanding will increase in the near future.

As for Chinese arms sales to Syria, he denied the PRC had sold that country missiles. Referring to international press reports about Israeli arms sales to the PRC, the spokesman somewhat evasively said that there is no military cooperation between the PRC and Israel.

Referring to the deportation of Palestinians, the Chinese spokesman said that it was a violation of the Geneva Convention, and that the PRC Government calls on the Israeli authorities to return the deportees to their homes. [passage omitted]

Africa Arms Sales Report 'Fabrication'

OW2412103892 Beijing XINHUA in English 1026
GMT 24 Dec 92

[Text] Beijing December 24 (XINHUA)—A Chinese Foreign Ministry spokesman said here today that the report that the representatives of Charles Taylor of Liberia and those of Cote d'Ivoire are in Beijing negotiating for the purchase of Chinese weapons is a "sheer fabrication".

"This report is a sheer fabrication. The Chinese Government has strictly abided by the United Nations resolution on arms embargo against Liberia, and sincerely hopes that the conflicting parties in Liberia will achieve peace through negotiations," the spokesman said when asked to confirm and comment on the report.

In response to another request for confirming the allegation that some Nigerians are now in China to buy arms to fight against the present Nigerian Government, the spokesman said it is "a sheer fabrication with ulterior motives".

"China always adheres to the principle of non-interference in the internal affairs of other countries. This is universally acknowledged in the international community. It is futile to undermine Sino-Nigerian relations by spreading vicious rumors," the spokesman said.

Report on U.S.-Russian Arms Reduction Efforts

OW2212223292 Beijing XINHUA in English 2216
GMT 22 Dec 92

[Text] Washington, December 22 (XINHUA)—The United States has sent nuclear weapons experts to Geneva to join the Russians in an effort to clear the remaining hurdles in the way of concluding a missile-reduction pact before President George Bush leaves office on January 20.

The move came after Bush's two phone calls to his Russian counterpart Boris Yeltsin on Sunday [20 Dec] and Monday.

Bush told reporters Monday that progress had been made concerning the agreement, known as START [Strategic Arms Reduction Talks] II, during the telephone conversations but some sticking points still remained.

Both countries have indicated their willingness for an early wrap-up of the agreement, which was agreed upon in principle by Bush and Yeltsin in Washington in June.

The pact, among other things, cuts total strategic warheads to 3,000 to 3,500 for each country no later than 2003.

During his visit to Beijing last week, Yeltsin surprised the Americans by announcing that the treaty had been ready for signing early January in a summit with Bush in Alaska.

Officials in Washington denied the claim but said progress did have been made and only some technical issues remained.

An ASSOCIATED PRESS report today quoted an anonymous White House official as saying that the agreement could be signed by January 20 despite "hard bargaining" facing the negotiators.

The major contentious issues reportedly include whether Moscow has to destroy their SS-18 missile silos and whether Russia can convert its six-warhead SS-19 missiles to single-warhead ones.

Russia wants to retain the SS-18 missile silos for storage of single-warhead SS-25 missiles.

The other difficult issue is whether the U.S. B1 bombers, if Washington keeps the option of reloading them with

nuclear warheads after nuclear weapons are removed, should be counted under the treaty.

The Russians insist that the B1 bombers should be counted under the permissible U.S. total if they are to be reloaded with nuclear warheads.

UN Approves Restoring Bosnia's Sovereignty

*OW1912015492 Beijing XINHUA in English 0018
GMT 19 Dec 92*

[Text] United Nations, December 18 (XINHUA)—The UN General Assembly today adopted a resolution calling for "all necessary means" to restore the sovereignty of Bosnia and Herzegovina.

The resolution, sponsored by 44 states and adopted by a vote of 102 in favor and none against with 57 abstentions, strongly condemns the violation of the sovereignty, territorial integrity and political independence of Bosnia and Herzegovina.

The General Assembly in the resolution urges the Security Council to consider, not later than January 15, 1993, authorizing member states to "use all necessary means" to restore the sovereignty of Bosnia and Herzegovina.

The resolution also calls for exempting Bosnia and Herzegovina from the arms embargo imposed by the Security Council on the former Yugoslavia.

By the resolution, the Assembly supports the Security Council's consideration of immediately banning all military flights over the Republic of Bosnia and Herzegovina.

During the debate of the Assembly on the draft, the paragraphs on lifting the arms embargo and the use of all necessary means evoked much controversy.

Many countries expressed their fear that exempting of Bosnia and Herzegovina from the arms embargo would escalate the bloodshed.

The resolution, however, like other resolutions (except on the budget) adopted by the General Assembly, is only a kind of recommendation and has no binding force on member states.

UN Condemns Brutality Against Bosnian Women

*OW1912012192 Beijing XINHUA in English 2356
GMT 18 Dec 92*

[Text] United Nations, December 18 (XINHUA)—The UN Security Council today condemned atrocities committed against women, particularly Muslim women, in Bosnia and Herzegovina, where ethnic fighting between Serbs, Croats and Muslims has been raging for eight months.

In a resolution unanimously adopted at a meeting this morning, the Council said it was appalled by reports of "the massive, organized and systematic detention and rape of women" in the former Yugoslav Republic.

It demanded that all detention camps and in particular camps for women should be immediately closed.

The resolution, sponsored by Belgium, Britain and France, expressed support for a decision by the European Council to rapidly send a delegation to investigate the reported brutality and asked the UN secretary-general to provide necessary support and enable the European delegation to have free and secure access to the places of detention.

The secretary-general, who will be informed of the delegation's work by the European Community, was also requested to report to the Council, within 15 days of the adoption of the resolution, on measures taken to support the delegation.

DKP Detains UNTAC Personnel in Cambodia

*OW2012125292 Beijing XINHUA in English 1245
GMT 20 Dec 92*

[Text] Phnom Penh, December 20 (XINHUA)—The Democratic Kampuchea Party [DKP] today accused United Nations personnels of entering the DKP-controlled areas without permission.

A statement endorsed by DKP President Khieu Samphan said observers of the United Nations Transitional Authority in Cambodia (UNTAC) entered Stung Sen region in Kompong Thom Province on December 1.

Two weeks later 15 UNTAC personnels went into a village near the Kompong Thom provincial town.

The UNTAC persons were detained because they entered the DKP-controlled areas without obtaining authorization beforehand, the statement said.

These events have been motivated by ill political intentions designed to provoke shootings at UNTAC helicopters and then place the responsibility on the DKP, the statement said.

The statement called on Yasushi Akashi, president of UNTAC and General John Sanderson, force commander of UN peace keeping forces in Cambodia, to put an end to all these activities.

Security Council on Detentions

*OW2312005492 Beijing XINHUA in English 2355
GMT 22 Dec 92*

[Text] United Nations, December 22 (XINHUA)—The UN Security Council today condemned as "illegal" the recent detention by the Army of Democratic Kampuchea of personnel of the UN Transitional Authority in Cambodia (UNTAC).

"The Security Council strongly condemns the illegal detention of UNTAC personnel by elements of the Party of Democratic Kampuchea (PDK) and acts of threat and intimidation against these personnel," the Council said in a

statement issued by its president of the month, Chinmaya Gharekhan of India, at a meeting this afternoon.

The statement came after the National Army of Democratic Kampuchea (NADK) seized a number of military observers and dozens of troops of UNTAC in areas under the control of DPK in the provinces of Kompong Thom and Kratie, central Cambodia, in three incidents in the past week or so.

DPK said that the personnel, who were later released, had been detained because they entered the areas without its permission.

The Council demanded that such actions and any other hostile acts against UNTAC cease immediately and that all parties take all action necessary to safeguard the lives and the security of UNTAC personnel throughout Cambodia.

The Council urged all the parties, which signed the Paris peace agreement in October last year to end the country's 13-year war, to abide scrupulously by their obligations under the agreement, cooperate fully with UNTAC and respect all the relevant resolutions of the Security Council.

UNTAC, which was established earlier this year, has deployed more than 15,000 troops and thousands of other personnel in Cambodia to monitor the implementation of the Paris peace agreement.

DPK refused to join the second phase of the cease-fire, which began in June this year, in accordance with the agreement, charging that Vietnamese troops which invaded the country in 1978, are still there in violation of the agreement.

The Security Council at the end of last month imposed trade sanctions on the party in an effort to pressure it into rejoining the peace process and decided to hold elections in the country before May as scheduled even if DPK continues its boycott.

There have been since then four incidents in which NADK took UNTAC personnel hostage while the latter were on mission in NADK-controlled areas.

United States & Canada

Report on U.S. Lifting Arms Sanctions

OW2312151292 Beijing XINHUA in English 1453
GMT 23 Dec 92

[Text] Washington, December 23 (XINHUA)—The U.S. Government has decided to lift arms sanctions against China imposed in 1989.

President George Bush "has decided it is in our national interest to close out four cases of suspended foreign military sales [FMS]" to China, the State Department announced late Tuesday [22 Dec].

The decision means that the United States will send to China military equipment already paid for but put in storage for more than three years following the Tiananmen Square incident.

President Bush has notified Congress of his decision, according to the State Department.

"These four FMS programs were suspended to demonstrate our deep concern about the tragic events in China," the statement said. "We have made our point. We now believe that continuing to hold aging items after a three-and-a-half-year suspension hinders rather than helps U.S. efforts to promote cooperative behavior of the People's Republic of China in a range of areas."

The State Department said that the four programs covered by Bush's decision involve an avionics upgrade for the Chinese F-8 aircraft, equipment for a munitions production line, four anti-submarine torpedoes and two artillery-locating radars.

The equipment will be delivered with no follow-on support, repairs, maintenance or training by the United States and no further arms sales were planned, the Department said.

Scholar Reviews 'Chance for Better U.S. Ties'

HK2412031292 Beijing CHINA DAILY in English
24 Dec 92 p 4

[Article by Zhang Baijia, assistant research fellow at the Chinese Academy of Social Sciences, whose "major research area is the history of Sino-U.S. relations": "Moment in History Provides Chance for Better U.S. Ties"]

[Text] Generally speaking, four important factors have affected Sino-American relations: strategic security, economics, political ideologies and Taiwan.

Through the first three decades of this century, Sino-American relations were chilly with very limited exchange between the two countries.

The invasion of China by Japan and Japan's expansion in other regions in the Far East in the 1930s aroused the attention of the United States.

As a result, Sino-American relations started slowly to develop. As conflicts between the United States and Japan intensified, the United States and China moved closer.

In the 1940s, the United States and China were extremely close and after the breakout of war in the Pacific, the two countries became allies. For the next 10 years, the most influential country to China was the United States.

During that period, the four above-mentioned factors began to show their importance.

Strategic security was most important in helping cement ties between the two countries. The rest were auxiliary.

But then, from 1949 to the late 1960s, the relationship changed again. The countries experienced a period of confrontation.

After the Korean War, there were some opportunities for the relaxation of tense relations, but the two countries failed to grasp them. Afterwards came the Viet Nam [as published] War, which further soured relations.

Because of all this, the countries had no exchange or communication for 20 years.

During that time, the four factors affecting Sino-American relations all turned into destructive ones.

Strategically, China treated the U.S. as its archenemy, while the United States maintained China was a puppet of the Soviet Union and an instigator of anti-Americanism.

Ideologically, the two countries were irreconcilable.

Economically, there was no contact because of American sanctions.

And as for Taiwan, the U.S. 7th Fleet was deployed in the Taiwan Straits, blocking China's reunification.

Though it is difficult to analyze the specific role each of the four factors played during this process, it is certain that the U.S. intervention in the Chinese revolution and the ultimate victory of the Communist Party were the primary causes behind the conflicts between them.

At a time when socialist and capitalist camps were extremely hostile to each other, those conflicts were certain to sever the strategic security aspect of the Sino-American relationships.

But the 1970s and 1980s witnessed normalization and development of Sino-American relations. Strategic security once again became a strong link between the countries, but this time it was the Soviet Union, rather than Japan, which pulled the two together.

In contrast with the previous Sino-American alliance, this time the difference between the two political systems and ideologies still existed—as did the Taiwan issue (Taiwan continues to be the main point of contention between the countries)—but out of strategic security considerations, the negative impact from the other two factors were diminished.

Meanwhile, bilateral economic relations, brought along by the co-operation in strategic security, started to develop rapidly.

In looking back at Sino-American relations before the 1990s, I came to the conclusion that the factors mentioned above were the driving forces behind Sino-American relations both in bringing them together at times and in pulling them apart.

These factors are not isolated from one another, but interrelated and it really is only one or two factors which determine the overall relations.

Since the 90s, these relations have become unstable, because those factors have or are in the process of changing. [sentence as published]

Because of changes in Eastern Europe and the collapse of the Soviet Union, the strategic security relationship between China and the United States has been obscured and its importance in the overall relations has abated.

Along with rapidly developing bilateral economic relations, frictions and disputes are mounting. Conflicts caused by differences in political systems and ideologies have emerged again and, for many reasons, Taiwan may again become a more serious problem in the relations between the two.

Today's changing world has many uncertainties.

Since Sino-American relations doubtlessly will have an important impact on the future world, people with vision in China, the U.S. and other countries are hoping that relations between China and the U.S. will stabilize and even develop.

I feel both the United States and China can draw lessons from history in four ways: Strategic security determines the overall situation of Sino-American relations, so both sides should still set great store by it.

In contrast with the past, and for a long time to come, the two countries will not form a strategic security relationship targeted at a third party, so both countries must explore new areas of co-operation and to establish even wider regional and global strategic security co-operation.

It is neither possible nor necessary, now, for the two countries to become adversaries. History has shown that treating the other as an adversary ultimately hurts the other's own interests.

—The development of Sino-American economic relations is obvious. The main driving force behind this development is China's policies of reform and opening to the outside world, as well as its determination to march on the road of a socialist market economy.

The Chinese market has now adopted practices in accordance with international conventions and China has become a lucrative market for goods, investment and labour.

Economic co-operation between China and the U.S. has a strong complementary nature.

As bilateral trade develops, friction and conflict have cropped up, but that is nothing unusual when judged against experiences in world trade.

China and the United States are different in political systems and ideologies and that was a main reason

behind their sharp confrontations in the past. Those differences seem to have caught the spotlight again.

—Compared with the 1950s, world leaders have, to a great extent, bid farewell to using ideology as a yardstick in handling State-to-State relations.

Now China's ideology doesn't pose any threat to the West. Both China and the United States agree that social system and ideology of one party will not pose a direct threat to the other party's security and survival.

The negative impact of ideological differences can be checked if the two countries deepen their mutual understanding.

—China was divided by a civil war between the Communist Party and Kuomintang, but with U.S. intervention and involvement into the Taiwan issue a strong international factor was injected from the outset.

The two most important things about the Taiwan issue are that it is first, an internal issue of China's; second, that there has been foreign intervention. Those two aspects have been entangled throughout.

Experience has shown that it is important for the Chinese themselves to find a way to settle the Taiwan issue.

Of the four factors discussed here, the first two—strategic security and economics—are more positive factors in today's Sino-American relationship, while the last two—ideological and political differences and the Taiwan issue—are more negative.

When those more positive factors become dominant and the negative ones are checked, Sino-American relations will mature and stabilize.

Hong Kong Paper Expects Better U.S.-PRC Ties

*HK2312131592 Hong Kong WEN WEI PO in Chinese
23 Dec 92 p 2*

["Newsletter from the United States" by Chu Hsing-fu (2612 1630 4395), resident special correspondent in Washington: "Sino-American Relations Will Be Lifted Out of Difficult Position"]

[Text] Washington, 22 Dec (WEN WEI PO)—It is expected that the U.S. Government will impose pressure on China over the issue of "human rights" after Clinton assumes office. China will probably have to bear greater pressure on this issue than ever before. Some Americans believe that China will not compromise and yield unless great pressure is applied. This view is of course lopsided. What concerns people nowadays is the motive and purpose of the United States for putting pressure on China over the issue of "human rights." Is it simply an instrument of punishment or a means to a political end?

Taking Extreme Measures Is Disadvantageous to the United States

If it is for the purpose of punishing China, the United States may put all kinds of pressure on China at all hazards, even if bilateral relations will rupture. But how much good will such an extreme action do for the United States? If the Democrats want to achieve a certain goal through "human rights," such as influencing China and urging it to open, they need a good sense of propriety and sometimes should stop before going too far, or else they will seriously harm bilateral relations. The rupture or deterioration of Sino-U.S. relations would be detrimental and the least advantageous situation to both China and the United States.

The current situation indicates that though Clinton stresses "human rights," he is unlikely to turn against China because of the "human rights" issues. The reason cannot be more plain: The biggest difference between the Clinton administration and the Bush administration is that the latter "values diplomacy and takes internal affairs lightly," while the former will try to do the opposite. If Clinton is to reinvigorate the domestic economy, he must promote exports and create employment opportunities. To achieve this, Clinton has no reason to isolate and bash China, which is undergoing changes. The main reasons are as follows:

China Has an Enormous Market Potentially

1. Despite the imbalance in Sino-U.S. trade, China's economy is flourishing and its market is not only continually expanding but also further opening to the outside world. This year, the volume of exports from the United States to China reached \$6.4 billion. Although this is not considered a very large figure these days, China, with its 1.2 billion people, is an enormous market potentially where U.S. businessmen can fully employ their talents after it joins the General Agreement on Tariffs and Trade next year. If Clinton goes too far in dealing with China, it is nothing less than the United States shooting itself in the foot. Japan, the Republic of Korea (ROK), Australia, Germany, Britain, and Italy, which have long been engaged in a business race in China, are only too anxious to have fewer strong rivals in China's vast land.

Neighbors Maintain Friendly Ties With China

2. Isolating China means self-isolation for the United States. Japan, the ROK, Russia, and Southeast Asian nations are all willing to maintain good-neighborly relations with China. They want to obtain solid economic benefits from China's reform and opening and do not want to see confrontation between the United States and China. They think isolating China is detrimental to peace and stability in Asia and the Pacific. These countries' industrialists and businessmen believe that if the United States isolates and bashes China, the economic construction in southern China and in coastal open cities will be seriously affected, and China's market will

shrink, which will in turn affect their investments and commercial interests in China.

3. The media in the United States have the tradition of opposing the government. They always think the government has done something wrong and, therefore, never stop criticizing and monitoring it. In the past three years, because of certain factors, the U.S. media basically covered nothing but negative aspects of China, making everything in China seem dark. But this has considerably changed since spring this year, when Deng Xiaoping gave important talks during his tour of southern China. America's resident correspondents in Beijing are now tending toward greater objectivity and balance in their China coverage. This greatly helps the American public understand the enormous progress China has made in the reform and opening and eliminates their previous prejudice against China. This situation will prompt the Clinton administration to establish a long-term, mutually beneficial, and cooperation relationship with China in the future.

China's Cooperation Is Needed in International Affairs

In addition, after he assumes office, Clinton will focus his administration on solving domestic economic problems. What he will do will also be aimed at enabling himself to renew his term in four years' time. All this will entail a peaceful international environment, or else his energies will be dispersed and his plans will fail. But today's world has not become free from trouble with the ending of the cold war. Instead, regional conflicts and wars have increased. In this context, the United States, playing the role of world policeman, needs China's cooperation on many international and regional issues. China is a political and military power and holds the balance in Asia and the world. The absence of China's cooperation will not benefit Asia's or the world's peace and stability.

Personalities here believe that Clinton is a moderate Democrat and is quite flexible in handling issues. In the initial period of his presidency, he will be quite prudent in his policy toward China and will not rashly adopt any measure that may enrage China. It is speculated that the Sino-U.S. relations will gradually move on to a healthy path six months or a year after Clinton assumes office.

Northeast Asia

'News Analysis' on Japan's Economic Prospects

OW2412051692 Beijing XINHUA in English 0441
GMT 24 Dec 92

[“News Analysis” feature]

[Text] Tokyo, December 18 (XINHUA)—Japan's economy, now in a downturn since 1991, will continue to grow at a low pace in 1993 to pave way for a full recovery.

The Paris-based Organization for Economic Cooperation and Development (OECD) projected the rate to be 2.3 percent, but Japanese Government officials contended that OECD had down-estimated the effects of the 10.7 trillion yen (about 86 billion U.S. dollars) economic stimulus package announced last August.

The official projection, to be released later this week, is 3.3 percent.

The figure, considered high by OECD 24-member countries with an anticipated growth rate of 1.9 percent for the next year, is well below the government 3.5 percent target set for 1991-1995.

To many private economists, 3.3 percent looks too rosy in view of the current business sentiment in the country.

Japan's inflation-adjusted economy grew 4.3 percent in the first quarter of this year, zero in the second, and contracted 1.6 percent in the third.

Nobody can tell now how much it can go in the last three months, but one thing is certain that the government 3.5 percent target for real economic growth in the current fiscal year “now seems out of reach”, Prime Minister Kiichi Miyazawa was quoted as saying in the Diet recently.

Government officials still hope for 2.5 percent for the year, while OECD put it at 1.5 percent. Most economists at research institutions tend to go along with the latter's forecast and predict a 2.5 percent rise for the coming year, provided that government implements additional financial and monetary measures.

The current economic slump which began in 1991 in the wake of the burst of the overheated “bubble economy,” has a severe negative impact on the nation's industry and service as well.

Some economists have linked the present business plight to the previous recessions wrought by the oil crisis in the 1970s and the steep yen appreciation in the 1980s.

The falling corporate investment for plant and equipment saps the growth vigor. Statistics indicate that investment in this sector has been on the decline in the last 18 months.

The estimated drop for 1992 and 1993 is somewhere around three and one percent respectively, largely due to poor corporate and excessive production capacity built over the boom years.

Flabby consumer spending is another factor contributing to the weak economic performance. During the past two years, average Japanese dispensable income dwindled as companies cut their overtime work hours and annual wage increases.

Masao Yokomizo, vice chairman of the Nikko Research Institute, estimated that the nation's average wage rose

4.9 percent in 1992 and it will drop to 3.7 percent next year, well below the average in the 1980s.

The private consumer spending, totaling more than 260 trillion yen for this year, is up only 1.3 percent, way down from the level few years ago.

Corporate investment and consumer spending account for over 80 percent of the gross national product (GNP).

The economy will remain in the doldrums when the two sectors become lethargic.

Moreover, the fragile banking industry cannot help boost the economy. According to statistics, all major Japanese banks' mid-term profit by September dropped 37 percent on average and their latent earnings from stock holdings plunged 50 percent, compared with that of last year.

Credit rating for these banks have been downgraded both at home and abroad. Today, there is no triple-A rated commercial bank in Japan.

This puts the banks in a cautious position in issuing new loans.

Isoroku Sawada, deputy director-general of the Coordination Bureau under the Economic Planning Agency, said that in the past decades, Japan's monthly money supply hovered around 12 to 13 percent, but now it is less than one percent.

He expected no significant changes in the near future.

Near East & South Asia

Israeli President Herzog Interviewed on Visit

OW2312181592 Beijing XINHUA in English 1801
GMT 23 Dec 92

[Text] Jerusalem, December 23 (XINHUA)—Israeli President Hayim Herzog left here this afternoon to begin his six-day state visit to China as the first Israeli head of state.

Invited by Chinese President Yang Shangkun, President Herzog is expected to meet top Chinese leaders during his stay in China.

In an interview with XINHUA, Herzog said his purpose of the visit is to examine what the two countries have in common and how to develop bilateral ties.

He said the visit itself is the most important expression of the relations between Israel and China.

"I am really moved by the significance of the invitation and I am of the opinion that we have no points of conflicts," said the president.

Herzog hopes that both Israel and China can benefit from close cooperation with each other, especially in the fields of science and technology.

Israel is quite advanced in its agriculture, water irrigation, solar energy, medical science and space technology, he added.

Israel and China established diplomatic relations in January this year.

"The only interest we have is cooperation that benefits each other," Herzog said. "And I see nothing that can in any way affect our bilateral relations in the future."

"I come with a message of peace and greetings and I am thrilled by the prospects of placing this stamp of special friendship between the two countries," President Herzog said.

Talking about the prospects for the Middle East peace, he said: "We are in the Middle East. So peace will be a long process. But it will succeed because both the Arabs and Israelis need it."

Herzog became the sixth president of Israel in 1983 and was re-elected in 1988. His second term ends next March.

Arrives in Beijing

OW2412042192 Beijing XINHUA in English 0401
GMT 24 Dec 92

[Text] Beijing, December 24 (XINHUA)—Israeli President Hayim Herzog arrived here by special plane this morning for a week-long official visit to China at the invitation of his Chinese counterpart Yang Shangkun.

Herzog is the first Israeli head of state to visit China since the two countries established diplomatic relations in January this year.

Accompanying him on Mrs. Herzog and Israeli Government officials. [sentence as received]

The Israeli visitors were greeted at the airport by Han Zhubin, chairman of the Chinese Government Reception Committee and minister of railways, Yang Fuchang, vice-minister of foreign affairs, Lin Zhen, Chinese ambassador to Israel, and Israeli Ambassador to China E. Ze'ev Sufot.

Han, on behalf of President Yang Shangkun, extended a welcome to President Herzog, who said "It's my honor to visit China."

President Yang Shangkun is expected to host a welcoming ceremony for and give a banquet in honor of Herzog and his party here this evening.

Welcomed by Yang Shangkun

OW2412120592 Beijing Central People's Radio
Network in Mandarin 1030 GMT 24 Dec 92

[From the "National Hookup" program]

[Text] President Yang Shangkun presided over a welcoming ceremony in the Central Hall of the Great Hall of

the People this afternoon for Israeli President Herzog who is paying an official visit to China. This is the Israeli president's first visit to China since the two countries established diplomatic relations in January this year. After the ceremony was over, President Yang Shangkun and President Herzog had a friendly conversation. In the evening, President Yang Shangkun hosted a banquet in honor of President and Mrs. Herzog and their party.

President Herzog and party arrived in Beijing by special plane this morning. They were met at the airport by Han Zhubin, chairman of the Chinese Government's reception committee and minister of railways.

Yang, Herzog Discuss Ties

OW2412134292 Beijing XINHUA in English 1328
GMT 24 Dec 92

[Text] Beijing, December 24 (XINHUA)--Chinese President Yang Shangkun said here today that Israeli President Hayim Herzog's current visit to China is of great significance and will exert an important influence on the growth of bilateral friendly relations and cooperation.

He made this remark at a meeting here this evening with President Herzog who arrived this morning as the first Israeli head of state to pay a week-long official visit to China as Yang's guest.

Official sources said that the meeting proceeded in a friendly atmosphere.

Yang extended his warm welcome to Herzog and Mrs. Herzog, saying that he believed that the president's visit will achieve a full success.

He said the Chinese and Jewish nations have a long history and a rich culture. Both have contributed to the development of the world civilization.

Yang noted that the friendly contacts between the two nations can be traced back to remote antiquity. Israel is one of the first countries to recognize China, pursues a

"one China" policy and supports the restoration of China's seat in the United Nations.

Later, he said, the friendly contacts between the two peoples will increase.

Yang said China is working hard for its reform and opening to the outside world, so bilateral relations will be surely expanded.

Herzog thanked China for the warm reception that he has been accorded.

He said that Israel and China are two ancient nations and have enjoyed a long history of culture, adding that there is no conflict of interests between the two countries.

He noted that he and other Israelis have great interest in developing Israel's friendly ties with China.

The two countries established diplomatic relations nearly a year ago, and the history of the past year shows that it is important for the two countries to establish ties, he added.

Recalling that thousands of Jewish people came to China during the Second World War and were rescued by the country, Herzog said the Israeli people would never forget the help that the Chinese people had given to the Jewish people.

During the meeting Yang briefed the visitors on China's reform and opening to the outside world and its economy and construction as well.

Herzog acknowledged that China has made tremendous achievements in its economic growth and won worldwide admiration. The Israeli people wish the Chinese people still greater successes in economy, he added.

Before the meeting Yang hosted a welcoming ceremony for Herzog.

The Chinese president gave a banquet in honor of Herzog and Mrs. Herzog and their party here this evening.

Political & Social

Ding Guangen Discusses Studying CPC Report

OW2112222792 Beijing QIUSHI in Chinese No 23,
1 Dec 92 pp 2-14

["Excerpts" from speech by Ding Guangen at Central Party School on 26 October: "Some Gains From Studying the Report of the 14th CPC National Congress"]

[Text] The 14th CPC National Congress was held at the critical moment when China's reform, opening up, and modernization drive were entering a new stage. The congress was a very important meeting in our party's history; it shouldered weighty historical tasks. Because of the common efforts of all deputies, the congress was very successful; indeed, it was a meeting of solidarity and victory. The congress has extremely great, practical, and far-reaching significance for further unifying the thinking of the whole party and people of the whole country; for further lifting the spirits of people in all sectors; and for continuing to advance our reform, opening up, and socialist modernization efforts.

On behalf of the party Central Committee, Comrade Jiang Zemin made an important report at the congress. The report was drafted with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics as a guideline and under the direct leadership of Comrade Jiang Zemin and members of the Standing Committee of the Political Bureau of the party Central Committee. The report fully reflects the spirit of Comrade Deng Xiaoping's remarks made during his southern China inspection tour, as well as his long-standing thinking. It represents the continuity of the party's line, principles, and policies adopted since the Third Plenary Session of the 11th CPC Central Committee; the report is the enrichment and development of these principles, line, and policies, and the sublimation of the theories on these principles, line, and policies; it is a scientific summation of the Chinese people's great practice over the past 14 years and the crystallization of the whole party's wisdom.

The report solemnly makes a historical conclusion of the 14 years since the Third Plenary Session of the 11th CPC Central Committee; expounds the theory of building socialism with Chinese characteristics; lays out a plan for the strategic tasks for a period ahead; unequivocally affirms that the party's basic line will be unswervingly adhered to for 100 years; clearly affirms that a socialist market economic system will be established; expressly affirms that the whole party will be armed with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, and that this theory will be used to mobilize comrades of the whole party and people of all nationalities in China to further emancipate their minds, to do work in a down-to-earth manner, to take advantage of the current favorable conditions to quicken the pace of reform and opening up,

and to concentrate their efforts on developing the economy to score greater victories in building socialism with Chinese characteristics.

I would like to discuss my gains from studying a few important issues contained in the report:

1. On the Theory of Building Socialism With Chinese Characteristics

The theory of building socialism with Chinese characteristics is the most important part of the report. Since the Third Plenary Session of the 11th CPC Central Committee, our party has correctly analyzed the country's basic conditions, has correctly upheld basic Marxist principles on socialism, has continued to sum up our practice and experience, and has set forth a series of viewpoints on the scientific theory on building socialism with Chinese characteristics. The 13th CPC National Congress summed up 12 theoretical viewpoints. The Seventh Plenary Session of the 13th CPC Central Committee set forth 12 principles for building socialism with Chinese characteristics. Comrade Jiang Zemin's speech at the meeting marking the 70th anniversary of the founding of the CPC discusses in detail the basic economic, political, and cultural requirements for building socialism with Chinese characteristics. The 14th CPC National Congress further summarized the main contents of the theory of building socialism with Chinese characteristics on the basis of these views, principles, and expositions mentioned above. The summarization is characterized by the following features. First, it offers a preliminary answer in a comparatively systematic way and particularly from a theoretical point of view for the first time to a series of basic questions, such as how a country that is relatively backward in economic development and general education like China can build, consolidate, and develop socialism. Some more specific contents, such as guiding principles and policies, are not included in the summarization. Thus, it is more theoretical and at a higher level in terms of importance. Second, with respect to these basic questions, it emphasizes representing the new practice as well as new understanding of our party and Comrade Deng Xiaoping in the endeavor to carry forward Marxism after the Third Plenary Session of the 11th CPC Central Committee. Third, it reflects the new thinking embodied in the speech delivered by Comrade Deng Xiaoping during his inspection tour of south China early this year. Fourth, it expounds the historical conditions for the theory to take shape as well as the process of its development, points out that the theory carries forward Marxism-Leninism-Mao Zedong Thought, and, meanwhile, explains that it is still necessary for us to continue to amplify, perfect, and develop the theory through practice. The summarization of the theory of building socialism with Chinese characteristics signifies that our party has improved its understanding of socialism to a new level and that the theory of building socialism with Chinese characteristics is being amplified more and more.

My understanding of the theory of building socialism with Chinese characteristics can be summed up in the following four points:

First, the theory has Chinese characteristics, and, meanwhile, carries a certain universal significance.

Socialism has never had a pattern suitable for every country. It is necessary for every socialist country to build socialism with its own characteristics, in light of its own distinctive national features. Any pursuit of a unitary pattern of socialism or any practice of dogmatizing socialism is wrong. It was precisely on the basis of this understanding that our theory of building socialism with Chinese characteristics was put forward and developed. Meanwhile, we should also take note of the fact that any correct understanding represents the inherent law governing the course of development of events, and, therefore, carries a certain amount of universal significance. As an integral part of Marxism, the theory of building socialism with Chinese characteristics will inevitably play a role in guiding the development of the socialist cause.

Second, the theory condenses our experiences with the practice of socialism over the past 14 years, and, furthermore, contains our experiences acquired in the 29 years before the past 14 years.

Generally speaking, the history of the 43 years after the founding of the People's Republic can be divided into two periods. The early period refers to the 29 years before the Third Plenary Session of the 11th CPC Central Committee, while the latter period refers to the 14 years after the Third Plenary Session of the 11th CPC Central Committee. Before the Third Plenary Session of the 11th CPC Central Committee, we persisted in a socialist ownership for the means of production by the whole people, the principle of distribution according to work for the economic base, and we adhered to the four cardinal principles for the superstructure; however, instead of paying close attention to liberating and developing productive forces, we laid undue emphasis on class struggle in our practice of socialist construction after we completed socialist transformation. It was not until after the Third Plenary Session of the 11th CPC Central Committee that our party resolutely abandoned the wrong "left" principle of "taking class struggle as the key link," which was not suitable for a socialist society, shifted the focus of work of the party and the state onto economic construction, and decided on a correct road of socialist modernization suitable for our national conditions. During the last 10 years, we carried out the "second revolution" of reform and opening up, succeeded in bringing about the "second leap forward" as a result of integrating Marxism with practices in China, and were marching from the stage of providing the people with enough food and clothing on to the next stage of achieving the "second-step strategic objective" of enabling them to lead fairly comfortable lives. The theory of building socialism with Chinese characteristics mainly summarizes our experiences over the past 14 years; however, history cannot be cut apart. It would be impossible for us to take the correct road after the Third Plenary Session of the 11th CPC Central Committee without the preceding 29 years. The theory of building socialism with Chinese characteristics is a scientific

summing-up of the basic experiences that we have acquired since the founding of the People's Republic.

Third, this theory has initially become a system, but it needs continued enrichment, improvement, and development.

The theory on building socialism with Chinese characteristics has clearly and definitely explained a series of fundamental questions about socialism and become a theoretical system. This system is not closed or rigid. It is constantly developing and full of great vitality. Socialism with Chinese characteristics will be a product of integrating Marxist theory with China's practice, and integration will take a considerably long time. We must continue to apply Marxist stands, viewpoints, and methods in studying new circumstances and solving new problems in the course of socialist practice. We must keep enriching this theory with new thinking and viewpoints.

Fourth, this theory is the crystallization of the wisdom of the whole party, as well as an outstanding contribution made by Comrade Deng Xiaoping.

The idea of building socialism with Chinese characteristics was put forward by Comrade Deng Xiaoping. He pointed out in his opening speech to the 12th CPC National Congress in September 1982: "We must integrate the universal truth of Marxism with China's concrete practices, blaze a path of our own, and build socialism with Chinese characteristics—that is the basic conclusion we have reached after summing up our long historical experiences." The theory on building socialism with Chinese characteristics has taken shape gradually, in the current situation in which peace and development are the priorities of the times, and as we have been carrying out reform and the open policy and bringing about socialist modernization over the last 14 years. It has been based on a review of the experience gained from our successes and failures in building socialism in China and from those in other countries. It is the product of the integration of the fundamental tenets of Marxism-Leninism with the realities of present-day China and the special features of our times, a continuation and development of Mao Zedong Thought, a crystallization of the collective wisdom of the entire party membership and the whole Chinese people, and an intellectual treasure belonging to them all. Many viewpoints about this theory were put forward and given a scientific explanation first by Comrade Deng Xiaoping. He respects practice and the masses and pays constant attention to the interests and aspirations of the majority of the people. He is adept at generalizing from their experiences and innovations, and he can sense the direction in which things are moving and seize upon favorable opportunities whenever they present themselves. He has carried forward the fine work of our predecessors, and at the same time he has broken with outmoded conventions, displaying his great political courage by blazing a new path to socialism and his great theoretical courage by opening new perspectives for Marxism. He has made

historic contributions by formulating the theory on building socialism with Chinese characteristics.

The theory on building socialism with Chinese characteristics is based on the latest scientific results of integrating Marxism with China's practices. Practices since the Third Plenary Session of the 11th CPC Central Committee have proven that the theory is correct. The drastic international changes over last several years have also proven that the theory is correct. Fundamentally speaking, the people support our party because it upholds the theory of building socialism with Chinese characteristics, as well as the line, principles, and policies formulated under the guidance of the theory. The theory on building socialism with Chinese characteristics is powerful ideological guidance for us to accomplish our historic tasks.

2. On Persevering in the Party's Basic Line for 100 Years

The 14th CPC National Congress report devoted some 3,000 characters to recalling a historical period, from the downfall of the "Gang of Four" to Comrade Deng Xiaoping's important talks made during his southern China inspection tour early this year. It is not only a brief historical account, but also a serious historical conclusion based on a series of important policies formulated over the last 14 years. Under the auspices of Comrade Deng Xiaoping, in 1981 our party adopted a Resolution on Certain Questions in the History of the Party Since the Founding of the People's Republic. The resolution is a very important historical document. Its major purpose was to sum up the history of the period from the founding of the People's Republic to the Third Plenary Session of the 11th CPC Central Committee. The 14 years since the Third Plenary Session of the 11th CPC Central Committee was an extraordinary period since the founding of the People's Republic, and it ushered in a new stage of the socialist cause. During the 14 years, we have brought order out of chaos and set up a correct political, ideological, and organizational line again. During the 14 years, we have found the road of building socialism with Chinese characteristics, devised many new important theories and practices, and formulated the theory, line, principles, and policies on building socialism with Chinese characteristics. During the 14 years, our thinking and ideas have undergone profound changes, and we have started reform and opening up and created a situation of all-around reform and opening doors on every side. During the 14 years, we have concentrated on economic development and made major progress in developing the economy, improving people's living standards, and enhancing overall national strength. It is of great significance to sum up and explain the party's important policies of the 14 years and to seriously seek truth from facts to reach a historical conclusion. By recalling the 14 years, we have understood more clearly how our party's basic theories and basic line were formulated and developed. We have more profoundly realized that the line practiced by us during the 14 years is correct, and that our party's major

policies are correct. We have become even firmer in upholding the party's basic line and relevant basic policies. We will further unify our thinking, keep to the correct orientation, and do an even better job in building socialism with Chinese characteristics.

The 14th party national congress report pointed out: "The experiences drawn from practices over the past 14 years can be summed up in one sentence: We must firmly adhere to the party's basic line, guided by the theory of building socialism with Chinese characteristics." To adhere to the party's basic line, we must, first and foremost, persevere in economic development as our central task, integrate reform and the open policy with the four cardinal principles, and consolidate and enhance the political situation of unity and stability. With an unchanged basic line and with social and political stability, we will be invincible. How should we understand the call for persevering in the party's basic line for 100 years? My view is:

First, the party's basic line concerns, guides, and determines the overall situation. If the party's basic line is correct, our cause will develop and advance. If it is erroneous, our cause will suffer setbacks and failures. During different historical periods, our party has had several different basic lines (also known as the general line). During the New Democratic Revolution period, the basic line was "people's revolution under the leadership of the proletariat to oppose imperialism, feudalism, and bureaucratic capitalism." We won a great victory during the New Democratic Revolution because the whole party firmly adhered to that basic line. During the transitional period, between New Democracy to socialism, our party's general line was to achieve socialist industrialization of the country over a considerably long period and gradually complete the socialist transformation of agriculture, the handicraft industry, and capitalist industries and commerce. That general line reflected the inevitability of history and guided us in achieving historic success in basically completing the socialist transformation. The general line for socialist construction adopted by the Second Session of the Eighth CPC Central Committee in 1958 was to go all out, aim high, and achieve greater, faster, better, and more economic results in building socialism. The correct aspect of that general line and its basic points was that they reflected people's imperative aspirations for improving China's backward economy and culture. The defect was that they overlooked objective economic laws. During the "Great Cultural Revolution" a completely incorrect basic line was put forward—the so-called "continuing the revolution under the dictatorship of the proletariat." The line brought serious setbacks and disasters to the party and the people. Since the Third Plenary Session of the 11th CPC Central Committee, our party's basic line has been to lead people of all our nationalities in a united, self-reliant, intensive, and pioneering effort to turn China into a prosperous, strong, democratic, culturally advanced, and modern socialist country by making economic development our central task while adhering to

the four cardinal principles and persevering in reform and the open policy. This is a correct Marxist line and a product of our party in integrating the basic tenets of Marxism with China's reality during the initial stage of socialism. It is the most precious experience gained by the millions upon millions of people in the course of practice, and it represents the people's fundamental interests.

Adhering to the policy of treating economic construction as the central task, upholding the four cardinal principles, and adhering to the policy of reform and opening up—these are the three most fundamental issues concerning building socialism with Chinese characteristics. These three fundamental issues are interdependent; any one of them is indispensable. The central issue is economic construction. Moreover, the "one central task" is inseparable from the "two basic points"; the "one central task" cannot be changed into "two central tasks"; the "two basic points" cannot be changed into "one basic point." One of the "two basic points" is the foundation for building the country and the other one is the way for making the country strong. The "two basic points" serve the "one central task" and are unified around the practice of building socialism with Chinese characteristics. Once we correctly understand these three fundamental issues and the relationships between them, we will be able to correctly lead the great cause of building socialism with Chinese characteristics.

Second, after having established a correct line, we must implement it through to the end. We should not change this line no matter what kind of international or domestic upheavals we may encounter, unless foreign enemies launch a large-scale invasion of our country. In the past, we learned unforgettable lessons from deviating from the established correct line. The Eighth CPC National Congress set the correct line that the party's main task was to concentrate efforts on developing social productive forces; however, because we did not soberly treat some international and domestic events at that time, we deviated from this line. As a result, shifting of the center of our work was delayed for 20 years, making us miss many opportunities for development. We have encountered many disturbances since the Third Plenary Session of the 11th CPC Central Committee. Some people both at home and abroad had shown doubts about whether we were able to adhere to the basic line. Comrade Deng Xiaoping used his rich historical experience and political wisdom to calmly and correctly handle international and domestic affairs, and he repeatedly and solemnly stressed that we would unswervingly adhere to the party's basic line. In early 1987, a small number of people created a disturbance that resulted in personnel changes within the party. Comrade Deng Xiaoping said our principles and policies would not be affected in any way and that everything would proceed as planned. The practice of upholding the four cardinal principles was not changed; concentrating our efforts on promoting the four modernizations was not changed; the two policies on opening up were not changed; the principle of reforming the economic system and the political

system was not changed. After the political disturbance in 1989, Comrade Deng Xiaoping said resolutely: The "one central task and two basic points" set forth by the party's 13th national congress is correct. We should proceed with our work as planned and resolutely carry out our work. Our basic line, principles, and policies will not be changed. In his remarks made during his southern China inspection tour earlier this year, Comrade Deng Xiaoping again pointed out that the line, principles, and policies adopted since the Third Plenary Session of the 11th CPC Central Committee are correct and that no one can change them. In short, we should firmly adhere to the line, principles, and policies. It is just because our party has unswervingly adhered to the party's basic line that we have been able to survive all kinds of turbulence, to stand firmly, not to yield to pressures, and to overcome difficulties. We still will encounter all kinds of complicated situations while we proceed; therefore, we should try to solve whatever problems we meet in light of the actual situation. Whatever problems we may solve, they should not affect the central task of economic construction and we should create more favorable conditions for developing the economy. This should be our firmly established principle. The solemn declaration at the 14th CPC National Congress that the party's basic line will be unswervingly adhered to for 100 years expressed the whole party's determination and will.

Third, the necessity to follow the basic line unswervingly for 100 years was determined by the fact that we shall be in the initial stage of socialism for a protracted period of time. It means the basic line must run through the entire initial stage of socialism. The theory of the initial stage of socialism expounded by the 13th CPC National Congress points out that the initial stage will take at least 100 years for China to basically fulfill the task of socialist transformation and then progress to basically achieve socialist modernization. It is necessary for us to adhere to the central task of economic construction and uphold the two basic points throughout such a long historical stage as 100 years. In the past 14 years, under the guidance of the basic line, our party achieved the first-step objective of development earlier than planned. If we continue to adhere to the basic line unswervingly for 100 years, we shall be able to successfully achieve the second-step and the third-step objectives of development.

To better uphold the party's basic line, the report reiterates Comrade Deng Xiaoping's important thesis that "we must guard against right tendencies, but also we must mainly guard against 'left' tendencies." The expositions made by the report on "left" and right tendencies include the following meanings. First, it explains the dangers and harms from "left" and right tendencies. Both "left" and right tendencies can bury socialism. Second, it explains the necessity for us to guard against right tendencies but also and mainly against "left" tendencies. Judging from the history of our party, one can see that "left" ideas are deep-rooted in the party. Their exponents sound very revolutionary; and they try to intimidate people by pinning political labels on them,

as if being more "left" meant being more revolutionary. Most of the mistakes that were made in the course of building socialism during the 20 years beginning in 1957 were "left" in nature. It is, likewise, "left" tendencies that present the chief obstacle to our efforts to explore a new path for reform and the open policy and to break out of the modes and concepts that hamper the development of productive forces. Third, it gives a definition of "left" and right tendencies. Right tendencies are manifested chiefly in negating the four cardinal principles, in pursuing bourgeois liberalization, and even in stirring up political turmoil. "Left" tendencies are manifested chiefly in negating reform and the open policy, maintaining that the main danger of peaceful evolution comes from the economic sphere, and even using the ideology of "taking class struggle as the key link" to influence and cause an impact on the central task of economic construction. We must not arbitrarily describe problems of ideological understanding and different opinions in practical work as "left" or right political tendencies.

3. On the Justification of Reform as Another Great Revolution Led by Our Party

The report of the 14th CPC National Congress has expounded the two great revolutions led by our party: The first-generation central leading collective with Comrade Mao Zedong as the nucleus led the party and the people into seizing political power and founding New China to bring about the greatest revolution in the history of China. The second-generation central leading collective with Comrade Deng Xiaoping as the nucleus led the party and the people into emancipating and developing productive forces through reform and opening up to the outside world to turn China from an underdeveloped socialist nation into a prosperous, strong, democratic, civilized, and modernized socialist nation after a protracted struggle; this was another great revolution. This has not only affirmed the historical contributions of the party's central leading collectives of the first and second generations, but also indicated the further deepening and improvement of our party's understanding of the nature and significance of reform.

A traditional mentality had been shaped over a long period of time, leading to the notion that the problem of fettered productive forces does not exist and will not occur under the socialist system. While there had been repeated, clear revelations of the situation in which the development of productive forces were being hindered by problematic productive relations, a fundamental change had never come along. Under the guidance of "leftist" ideology, we had even simply summed up basic contradictions in society as class contradictions and tried to solve problems by political campaigns or even the "Great Cultural Revolution." Consequently, we had not only failed to promote the development of productive forces, but also we had even seriously damaged them, bringing the national economy to the verge of collapse. Since the Third Plenary Session of the 11th CPC Central Committee, Comrade Deng Xiaoping has been calling for emancipation of the mind and seeking

truth from facts and unfolding on a magnificent scale reform and opening up to the outside world, in an effort to solve problems in the superstructure and the problem of productive forces being fettered by productive relations. An atmosphere of flourishing prosperity has now prevailed throughout the vast land of China. Facts have proven that the real issue of how to emancipate productive forces in a socialist society still exists. While the revolution was aimed at smashing shackles that fettered the development of productive forces and at emancipating productive forces, reform is also aimed at eradicating obstacles to developing and emancipating productive forces. The justification of reform as emancipation of productive forces has enriched historical materialism. Judging from the scope and depth of social changes it has brought about, reform can be termed a revolution—"another great revolution" following the revolution through which our people seized political power and established a basic socialist system. During a meeting with Susumu Nikaido of Japan in 1985, Comrade Deng Xiaoping called it the "second revolution" of China.

The report of the 14th CPC National Congress gives a brilliant exposition of the revolutionary contents of the second revolution. The report points out that the new round of revolution is carried out on the foundation of the success of the previous revolution and of the great achievements in socialist construction, and in an orderly and gradual manner under the leadership of the party. Its objective is not to change the nature of our socialist system, but to bring about self-improvement and self-development of the socialist system. Furthermore, it is not a repair done to minor parts of the original economic system, but a fundamental change of the economic system. The report has placed "reform" and "revolution" on the same level of importance and recognized the revolutionary significance of reform from the angle of the emancipation of productive forces; this is of great theoretical significance and serves as important guidance for pushing forward our nation's reform and opening up to the outside world.

To successfully carry out the second revolution, it is of utmost importance to emancipate minds and seek truth from facts. Emancipating minds and seeking truth from facts is the party's ideological line, wherein lies the quintessence of Marxism-Leninism-Mao Zedong Thought. Comrade Deng Xiaoping has said: "To emancipate minds means to think realistically and conform subjective thinking with objective realities, or, in other words, to seek truth from facts. In order to continue to seek truth from facts in a genuine sense in all future work, it is imperative to continue to emancipate minds." We should emancipate our minds throughout the entire process of practice, and should continue to do so for as long as the task remains. Reform is a great pioneering undertaking, which can be carried out only through bold experiments. In trying bold experiments we should always bear in mind the following two points: First, we should adhere to the ideological line of seeking truth from facts, break the shackles of dogmatism and subjectivity, and solve new problems in reform and opening up

in a creative way; second, we should adhere to the mass line of from the masses and to the masses, skilfully summing up and popularizing the masses' experiences and verifying such experiences in the course of practice. To boldly experiment does not mean to try measures recklessly and indiscriminately, but rather that we should respect the objective law. We should take bold steps, advance steadily, and work carefully and with a solid style. If we are on the right road, keep on going; if we take a wrong turn, then change the direction. In judging whether a measure in all fields of work is right or wrong, successful or not, we need to know whether it is conducive to developing a socialist society's productive forces, to strengthening the overall national strength of the socialist state, and to raising the people's living standards. The "three conduces" is an economic as well as a political criterion, which embodies, in a thoroughgoing manner, not only the materialist viewpoint of adhering to the criterion on practice and the productive forces, but also the mass viewpoint of regarding the people and their interests as the starting point and objective in observing, considering and solving all problems. The establishment of the criterion of the "three conduces" will certainly further help us emancipate minds, deepen reform and develop the economy.

In emancipating minds and quickening the pace of reform and opening up, we should have a full understanding of capitalism, and boldly assimilate and draw on all the fruits of civilization created by human society. We should assimilate and use as reference the advanced operational patterns and management methods reflecting the general laws of modern, socialized production and the commodity economy in all countries, including the developed capitalist countries. We should neither blindly worship nor reject categorically everything from capitalist society, but should assume a scientific attitude in understanding and applying capitalism correctly and accepting it in a critical way. Even 70 years ago Lenin had already criticized the idea of refusing to study capitalism. He said: "We cannot imagine what else we can have except socialism built on the experiences and lessons gained from the vast capitalist culture." In building socialism, we must assimilate and draw on all the useful things of capitalism—using capitalist "materials" to build a socialist "mansion." Only when we boldly absorb and use as reference all the fruits of civilization achieved by human society can we attain a higher labor productivity than capitalist countries, win relative superiority over capitalism, and ultimately defeat capitalism.

4. On Socialist Market Economy

Since the Third Plenary Session of the 11th CPC Central Committee, we have made two significant breakthroughs in socialist economic theory: One is the theory on planned commodity economy put forward by the Third Plenary Session of the 12th CPC Central Committee in 1984, and the other is the theory on socialist market

economy put forward by the 14th CPC National Congress this time. These are our party's new contributions to Marxism.

The core of economic restructuring is the issue of the relationship between plans and the market. With our thinking fettered by certain traditional concepts in the past, we used to believe that a planned economy was the essential characteristic of a socialist economy, while the market economy was a special product of capitalism. Comrade Deng Xiaoping's speeches at several occasions, particularly his inspection of south China early this year, about the plans and the market have once and for all removed the shackles that confined our understanding of planned and market economies to the realm of a basic social system, thus helping us to greatly emancipate the mind and make a new breakthrough in our understanding.

To gain a correct understanding of the market economy, it is necessary for us to clarify a few relationships:

First, the relationship between a market economy and a commodity economy. The market economy and commodity economy are interrelated and, at the same time, different from each other. We mention commodity economy in contrary to natural economy and product economy, and market economy as opposed to planned economy. The market economy and commodity economy have certain inherent similarities. A commodity economy is the precondition and foundation for the market economy to exist and develop, while a market economy is the objective demand on the existence and development of a commodity economy.

Second, the relationship between a market economy and macroeconomic regulation and control by the state. The purpose for our discussion of a market economy is to gear economic activities toward requirements of the law of value and to the changing relationship between supply and demand; to allocate resources for sectors operating with relatively high efficiency; to apply pressure and motivational force on enterprises by means of price levers and competitive mechanisms; to bring about a situation of survival of the fittest; and to make use of the market's advantageously sensitive response to various economic signals to promote timely coordination of production and demand in an effort to give play to the market's fundamental role of resource disposal under macroeconomic regulation and control by the state. A market economy does not repel state planning either. Because the market has its own shortcomings and negative aspects, it is necessary to strengthen and improve macroeconomic regulation and control by the state. Issues such as the balancing of the economic aggregate, major structural readjustments, fair competition, ecological balance, and environmental protection, as well as the balancing of fairness and efficiency, should not be left solely to the spontaneous actions of the "invisible hand" of the market; instead, we need the intervention of a "visible hand," i.e., the state and government. A market without planning is incongruous with a commodity

economy that is moving closer toward large-scale socialized production day by day. A market economy without macroeconomic regulation and control by the state is not to be found, even in present-day capitalist countries; the only difference lies in the form and degree of regulation and control. The key lies in finding the meeting point between market mechanisms and macroeconomic regulation and control. If we can properly solve this problem, we will be able to give better play to market mechanisms.

Third, the relationship between market economy and ownership. Since a market economy originated in the private ownership society, many people often link a market economy to private ownership. In fact, the origination and development of the market economy have nothing to do with ownership of the means of production. A market economy is an inevitable result when a commodity economy develops to the extent of socialized production. A market economy, as a form of economic operation, is indispensable to any commodity economy based on large-scale socialized production, regardless of whether the means of production is publicly owned or privately owned. A market economy is not an indicator of the socio-economic system. Then why we put the word "socialist" before market economy? We mean that the market economy operates under "socialist conditions" or under the "socialist system," not that the market economy itself is socialist.

Under different social systems, a market economy has its general character, as well as its individual character. As far as the general characteristics are concerned, a socialist market economy is not fundamentally different from a capitalist market economy. Both have four characteristics: 1) All economic activities are related to the market either directly or indirectly, and the market forces are the basic operational mechanisms for the flow of production factors and for promoting the optimal distribution of resources. 2) All enterprises have the necessary power with respect to commodity production and sales, so they can take the initiative in meeting market demands and conduct production and marketing activities independently. 3) Government departments merely regulate and govern the operations of enterprises with financial, taxation, pricing, and monetary policies, rather than directly intervene in the day-to-day production and marketing activities of enterprises. 4) All economic activities proceed according to laws and regulations, and the economic operation as a whole has a comparatively sound legal basis.

The socialist market economy is closely linked to the basic socialist system. In addition to the aforesaid general characteristics, a socialist market economy also has its specific characteristics. The special characteristics are mainly shown as follows: As far as the ownership structure of the socialist market economy is concerned, the public sector, which includes enterprises owned by the whole people and enterprises owned by the collective, is to remain predominant, with the private sector, including individually owned and foreign-owned enterprises, existing as a useful supplement. Different sectors

of the economy can coexist and develop simultaneously for a long time. As far as distribution is concerned, remuneration according to one's work will remain the predominant mode, with other modes as a supplement. The emphasis is put on both fairness and efficiency, and on widening differences in personal incomes to a reasonable degree, while preventing polarization and gradually bringing about common prosperity. As far as macro-control is concerned, a country under capitalist conditions is usually comparatively weak in its ability to regulate the market because the means of production are owned by private citizens. While the public sector remains predominant in our economy, our country has a comparatively stronger material basis for market regulation and control, and its macro-control capability is much stronger than that of capitalist countries; therefore, it can make market forces work even more soundly.

We are now in a stage of economic structural change. Establishing a new structure under a socialist market economy will be a difficult and complex feat of social engineering. It requires long, arduous, and meticulous work, as well as reform in many fields. We must drastically change our thinking, management system, and leading methods. Many practices and experiences of the past have become inapplicable. We should study again, constantly bring forth new ideas, and keep making improvements. In establishing the socialist market economy, we should be active and yet prudent. We should make sustained efforts, but at the same time we should work with a sense of urgency. While we should work according to a unified plan, we should also consider different situations in different localities.

To establish a socialist market economy today, we must seriously pay attention to four important, correlated links. One is to change the operational mechanisms of enterprises, fundamentally separate government functions from enterprise management, push enterprises to the market to take compete on equal footing, subject them to the rule of survival of the fittest, and turn them into commodity producers and dealers who operate independently, assume sole responsibility for their profits and losses, and have the ability to transform and develop themselves. The next step is to establish a unified and open socialist market system, step up legislation for the market system, and make the market become better and better under good management and effective supervision. At the same time, it is necessary to accelerate the pace of reform in consideration of the endurance of various quarters, actively harmonize price relations, and build a system of pricing on the basis of market demand. The third link is to deepen reform of the distribution system and the social security system, consider the interests of the state, the collectives, and the individuals simultaneously, and harmonize relations among enterprises, the central government, and local governments with respect to distribution. The fourth link is to change the government functions and separate them from enterprise management. It is necessary to turn direct government management over enterprises

into an indirect one, and to institute a scientific macro-control system and method. The functions of the government are to make overall plans, to see that policies are carried out correctly, to offer guidance by supplying information, to organize and coordinate, to provide services, and to inspect and supervise.

The proposal to establish a socialist market economy will certainly accelerate the pace of reform and opening up and promote further liberation and development of productive forces. We have good reason to believe that the market economy established under socialist conditions is able to integrate very well the people's immediate interests with their long-term interests and the interests of some with the interests of all, and that it will operate more effectively than the market economy established under capitalist conditions in handling the relationship between planning and market forces, between micro-economic invigoration and macro-economic coordination, and between stimulating economic efficiency and achieving social fairness.

5. On Accelerating Economic Development and Striving To Bring Our Economy Up to a New Level Every Few Years

To seize the opportunity, accelerate development, and strive to bring our economy up to a new level every few years is an important notion in the talks made by Comrade Deng Xiaoping during his southern China inspection tour. The report to the 14th CPC National Congress particularly emphasized this notion and explained the questions of whether economic development should be accelerated, and whether it can be accelerated—or not—as well as how to accelerate it.

The notion of accelerating economic development and striving to bring our economy up to a new level every few years is based on objective analysis and scientific forecasting of the international situation and the domestic economic growth trend. In this century, the economic development of mankind has entered a period of fast growth, and the productive forces that have been created in the last 100 years are more than those created in all the previous centuries put together. Many countries and regions, in the course of their development, have gone through one or several stages of high growth rate. The 14th party national congress report points out: "Modern Chinese history and the realities of the present-day world show that as long as a country is economically backward, it will be in a passive position, subject to manipulation by others." "If we fail to develop our economy rapidly, it will be very difficult for us to consolidate the socialist system and maintain long-term social stability." "Whether we can accelerate economic growth is therefore an important question both economically and politically." We must accelerate economic development. When we succeed in modernization, we will be able to show further the superiority of the socialist system and to forcefully promote the world's socialist cause and bring about early reunification of the motherland.

At present, our country is completely capable of pursuing a slightly faster pace of economic development. Internationally, the world is moving toward multipolarity following the end of the bipolar structure. We can secure a peaceful environment that will last for some time. The acceleration of the new worldwide scientific and technological revolution has afforded us a good opportunity to open wider to the world and to expedite economic development, as have the readjustment and reorganization of the international industrial structure and sustained economic growth in the Asian-Pacific region. Domestically, the great achievements in modernization, reform, and opening up have significantly increased the country's economic strength, thus laying a sound material and technological foundation. We have enormous potential for restructuring our industries. Generally speaking, the pace of development is fairly swift during industrial restructuring. We also have immense potential for developing science and technology, which constitute a primary productive force. There are great possibilities for developing science and technology and for combining science and technology with production. We have a potentially strong market, which can accommodate the productive forces generated by high growth rates over an extended period. Efforts over the past few years to improve the economic environment, to restore economic order, and to deepen reform have resolved some problems that have arisen during the course of economic development, resulting in a fairly good economic and social environment. Currently, there is political and social stability, and the party's basic line has firmly taken root in the people's hearts. Specifically, Comrade Deng Xiaoping's important speeches have greatly inspired people throughout the country. All this indicates that now is the opportune moment for our country to pursue a faster growth rate. We should embrace the current opportune moment to develop our economy more swiftly and efficiently.

We set the economic growth rate at 6 percent when we formulated the "10-Year Program" and the "Eighth Five-Year Plan" regarding the pace of our country's economic development in the 1990's. At that time, we thought that the fairly rapid development pace of the preceding decade would enable us to attain the goal of quadrupling the gross national product by the end of this century, even if we pursued a growth rate of merely 6 percent over the next decade. In formulating our plans, we took into consideration the possibility of overfulfilling our plans by one or two percentage points and of actually achieving a growth rate of 7 to 8 percent. After Comrade Deng Xiaoping floated his important idea of seizing the opportune moment to accelerate development, we conducted projections and studies and concluded that we could and should pursue a slightly faster growth rate than originally planned. The report to the 14th national party congress notes that our country can achieve an economic growth rate of 8 to 9 percent in the 1990's, and that we should advance toward this goal.

Here are my opinions on the development pace: First, we must pursue an active development pace. Without a

certain growth rate, we cannot achieve a new stage of economic construction every few years. Second, we need a growth rate that is based on better quality, improved economic structure, and higher efficiency. We do not need a growth rate that does not stress quality, structural optimization, and efficiency. This type of growth rate is hard to maintain. Third, we should seize the opportune moment, take reality into account, and act according to our capabilities. Given China's huge size and different local conditions, we should set appropriate growth rates in accordance with local conditions; we should not blindly compete with each other. Localities with the right conditions should develop their economies more rapidly, while those temporarily lacking in conditions should work hard for a progressively rapid rate. We should encourage development efforts as long as the growth rate is geared toward good quality, high efficiency, and changes in demand in both domestic and international markets. Fourth, we should strike an overall balance. We should neither pursue comprehensive small-scale development, nor should we duplicate construction projects. The very mention of the need to accelerate development should not trigger headlong efforts to reinstitute the old practice of neglecting efficiency, overly emphasizing output value, indiscriminately launching new projects, and persistently expanding the scope of capital construction projects. We should chart a course for national economic development that will produce substantial growth rates and fairly good efficiency.

The report to the 14th National Party Congress outlines the major tasks in 10 areas that affect the deepening of reform; efforts to open wider to the outside world; the industrial structure; science, technology, and education; the geographic distribution of industries; socialist democracy and socialist legal institutions; organizational reforms; the simultaneous performance of two types of work; the people's living standards; and national defense construction. These 10 tasks were arranged with a view to improving overall national strength. As long as we earnestly perform these tasks, we can sustain high economic growth rates and promote overall social progress.

6. Maintain the Two-Pronged Approach and Pay Equal Attention to Both

"The two-pronged approach" is a major strategic principle for building socialism with Chinese characteristics. Fourteen years of practice have repeatedly demonstrated that we cannot afford to take a one-pronged approach, alternate between the two prongs, or emphasize one prong to the neglect of the other. We must maintain a two-pronged approach and pay equal attention to both if we want to promote the coordinated development of material and spiritual civilization.

First, the essence of socialism determines the need to maintain the two-pronged approach and to pay equal attention to both. This is an objective requirement for fully implementing the party's basic line. A socialist society is developed in all respects. Various programs for

achieving socialist modernization are coordinated with each other in the interest of overall development. In socialist construction, material civilization provides material conditions and practical experiences for the development of spiritual civilization, which in turn provides spiritual inspiration and intellectual support for the development of material civilization. Spiritual civilization also offers effective ideological guarantees for the correct development of material civilization. Socialism with Chinese characteristics is marked by success in both civilizations. We should and could build a spiritual civilization that has no parallels in capitalist countries. The report to the 14th national party congress calls for achieving a new level of spiritual civilization while accelerating the drive toward a new stage of economic development. These two efforts are complementary, because only a new level of spiritual civilization can better promote and guarantee efforts to achieve a new stage of economic development.

Second, the practice of maintaining the two-pronged approach and paying equal attention to both is founded on a clear understanding of the twin purposes of developing a commodity economy and implementing the program of reform and opening up. The commodity economy can produce two completely different effects on people's thinking. On the one hand, it can inspire people to effect many conceptual transformations by nurturing the concepts of competition, efficiency, innovation, equality, and rights and obligations. On the other hand, it can encourage some people to work exclusively for profits, to seek private gain to the detriment of public interests, and to benefit themselves at the expense of other people. This may extend the principles governing commodity exchanges into political life, thus encouraging the practice of peddling political powers. The same is true with reform and opening up. Once the country opens its doors to the outside world, it will admit some bad things, along with certain good things that will fuel tremendous social progress. The two-pronged approach is precisely aimed at giving full scope to the positive influences exerted on society and the people by the commodity economy, reform, and opening up. It is designed to restrict negative influences and to prevent and reduce the occurrences of various vices. We must seriously draw a lesson from our past practice of "paying unequal, uneven, and unbalanced attention to the two tasks" and firmly implement the principle of adopting a two-pronged approach and paying equal attention to both. The more we carry out reform and opening up, the more we need to maintain the two-pronged approach. Earnestly taking this approach can lead to greater success in reform and opening up.

Third, the practice of maintaining the two-pronged approach and paying equal attention to both is to embrace the doctrine that everything has two aspects and to handle matters dialectically. In doing our work, we should place more emphasis on dialectics and prevent one-sidedness and absoluteness. We should make our work more principle-oriented, systematic, farsighted,

and innovative. We should pay attention to the timely discovery of problems and try our best to nip them in the bud. This will forestall their evolving into major problems that affect overall interests.

In accordance with the principle of "maintaining the two-pronged approach and paying equal attention to both," the report to the 14th national party congress underscores the idea of "stressing progress in spiritual civilization" and sets new demands for theoretical and cultural construction, ideological and political work, and moral development. This part of the report is comprehensive and substantial. The true implementation of each task outlined in this part of the report requires strenuous and unremitting efforts. We must exploit the party's strengths in ideological and political work and cultivate successive generations of new people with lofty ideas, moral integrity, education, and a sense of discipline during the course of reform, opening up, and modernization.

The report stresses building a democratic legal system. The report calls on us to make notable progress in promoting socialist democracy and in refining our socialist legal system. We should further refine the People's Congress system, refine the multiparty cooperation and political consultation system under the leadership of the CPC, gradually improve supervisory mechanisms, work to promote rule by law, strengthen grassroots democracy, and strive to ensure good social order. On the issue of democracy, I feel that it is necessary to clarify the following basic viewpoints: 1) Democracy is an intrinsic quality and characteristic of socialism. Only a socialist democracy is a real democracy—a democracy wherein people are the masters of their own destinies. Nevertheless, we need to continue to refine our socialist democracy. 2) Throughout the years of the revolutionary war, the CPC struggled for democracy and freedom. Since the founding of the People's Republic, our party also has continued to strengthen democracy and rule by law. 3) Democracy and freedom have always been relative and concrete; there is no absolute and abstract democracy. The democratic system that a country adopts should suit that country's national conditions and should be in line with the country's historical, political, economic, cultural, and educational backgrounds and other actual situations. The socialist democratic system currently practiced in China is in line with the country's national conditions. 4) We will not impose our democratic system on others, and we will not allow others to impose their systems on us.

The report also stresses structural reform and the need to better our troops and simplify administration. Currently, our organs are over staffed and overlap one another. Many units have surplus personnel and low efficiency and have alienated themselves from the masses, posing obstacles to transforming enterprises' operating mechanisms. This situation has reached the point that it has to be changed. Structural reform affects the nation's political system and involves many people's vital interests; therefore, it must be planned as a whole,

meticulously organized, implemented simultaneously at various levels, and carried out step by step. We should open the canal before letting out the water—we should integrate personnel reductions by improving work efficiency and developing social productive forces; we should adjust the personnel structure of organs and improve personnel quality while channeling surplus personnel to tertiary industries and other work positions that need to be strengthened, so that they will become a new force in promoting our modernization drive.

7. On Using Comrade Deng Xiaoping's Theory of Building Socialism With Chinese Characteristics To Arm the Whole Party

In his remarks made during his southern China inspection tour, Comrade Deng Xiaoping pointed out: "If problems erupt in China, they will erupt inside the CPC." "All in all, the key is that our party itself should be properly managed." Facts show that our party is a great, glorious, and correct party; it not only could lead the revolution to victory, but also it can lead our reform and construction to victory. It is impermissible to doubt, weaken, or negate, in any way, our party's ruling position and leading role. At the same time, we should realize that, in the new historical period, the environment that our party is in and the tasks that it is shouldering have changed in many ways; the party's ideological, political, and organizational work, as well as its style, are facing many new situations and problems. The report raises work on strengthening party building and improving the party's leadership to a momentous issue that affects the fate of the party and the nation.

The 14th CPC National Congress expressly called for using Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics to arm the whole party—this is the fundamental task of party building in the new period. The Seventh CPC National Congress established Mao Zedong Thought as the guiding ideology, unifying the whole party's thinking and leading China's revolution to victory. The 14th CPC National Congress's decision to use Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics to arm the whole party will definitely bring about new unification and solidarity within the party and lead our party and the people from victory to new victories.

On the overall demand for arming the entire party with the theory of building socialism with Chinese characteristics, the 14th national congress report has expounded the guiding ideology, policy, and principles on party building under the new situation of reform and opening up, as well as put forward the demand in five aspects.

1. Earnestly study the theory of building socialism with Chinese characteristics and enhance awareness and steadfastness in implementing the party's basic line. It is necessary to center our study of Marxism on the theory of building socialism with Chinese characteristics, and the entire party, particularly leading cadres, must strive to study and master this theory. Our party's standard of

Marxist theory will then be elevated to a new level. We will then be able to take a greater initiative in leading reform and opening up and modernization. We must earnestly study and master Comrade Deng Xiaoping's strategic ideologies and theoretical viewpoints. We must also earnestly study his scientific approach and creative spirit in applying the Marxist stand, viewpoints, and methods in studying new situations and solving new problems. Our study should be thorough, applicable, and related to actual situations. With a correct theory, and a correct line established under the guidance of this theory, our party building will be fundamentally strengthened.

2. Strengthen the development of leading bodies and train successors for socialist undertakings. The selection of a large group of outstanding young cadres concerns handing down from generation to generation the undertakings of building socialism with Chinese characteristics. It also has a bearing on whether the basic line will be upheld for 100 years without wavering. With a spirit of great responsibility to the revolutionary cause, Comrade Deng Xiaoping has repeatedly and earnestly stressed: "In solving the problem in organizing and promoting the party's line, the biggest, most difficult, and most urgent problem is to select successors"; "we will be ashamed to see Marx if we cannot solve this problem"; "we cannot account to the party and people." The 14th national congress report has very clearly stated our policy on cadre selection—stressing the selection of a large group of outstanding young cadres into leading bodies is currently an urgent and important task. While reiterating the principle of implementing the "four modernizations" for the cadre force, and that cadres should be capable and have political integrity, the report has clearly stated that cadres' capabilities and political integrity will be evaluated principally on their performance in implementing the party's line. The political demands for a true communist include obeying party instructions, upholding the party's basic line, and possessing firm socialist and communist beliefs; however, cadres are required to possess knowledge, practical experience, and organizing and leading capabilities.

In selecting outstanding young cadres, it is necessary to further emancipate the mind and not to restrict ourselves to one standard. We should select more young cadres and place them on on-the-job training in some leading positions, and boldly and exceptionally promote the prominent ones. In doing so, we should possess resolution and courage; otherwise, we will not be able to find new men. In selecting young cadres, it is necessary to select them from the masses from all corners of the country. There are qualified personnel in the country, but the crux lies in discovering them. We should widen our field of vision, expand our channels, as well as discard the obsolete and traditional concepts of promoting according to seniority, giving equal consideration to everyone, and demanding perfection. We should delegate tasks and heavy responsibilities to young cadres so that they will train and grow in their positions and during the course of their practice.

3. We should foster closer ties between our party and the masses and resolutely eliminate negative attitudes and corruption—this is an issue that the masses have been greatly concerned about. Under the new historical conditions of reform and opening up, insisting on struggling against corruption and promoting administrative honesty have especially great significance for maintaining the flesh-and-blood ties between the party and the masses and for strengthening and improving the party's leadership. It should be affirmed that the mainstream of our party is good and the vast majority of party organizations and members are good. Our party has wholeheartedly worked for the people; therefore, in general, it is an honest and upright party. However, we also should see that some people inside the party are pursuing personal interests while ignoring principles and violating the law and established regulations. On the one hand, we should not exaggeratedly publicize the negative attitudes and corruption inside the party, ignoring the fact that the mainstream of our party is good; on the other hand, we should not make light of the existing problems just because the mainstream of our party is good. The corrupt acts of a small number, or a very small number, of cadres with party membership will tarnish the party's image and affect the party's credibility. In the entire process of reform and opening up, we must regard the enhancement of administrative honesty as an important task and be determined to apply ourselves to the task for a long time to achieve practical results and to win the people's trust. Every party member, especially leading cadres, should exercise strict self-discipline, set good examples for others, subject themselves to the masses' supervision, and take the lead in fighting corruption. Our party is the ruling party, a party that serves the people. To the party's leading cadres, power means responsibility, and their jobs mean commitment to enduring hardships. We should preserve and promote the good tradition of working arduously, building up the country through thrift and hard work, doing everything in the spirit of working hard and in a frugal way. Whatever we do should be justifiable to the party, the country, and the people. Whatever we do, we should always bear in mind the interests of the party and the masses. We should not seek personal fame and wealth, we should clearly establish our aims, we should always dedicate ourselves to public cause, and we should not haggle about personal gains and losses. Zeng Zi [a pupil of Confucius] said: I ask myself three questions every day: Have I been disloyal in serving others? Have I been untrustworthy in dealing with my friends? Can I teach others and not study myself? Let us change the three questions into: Have I been a worthy man to the party, the country, and the people? Have I been very serious and responsible about my job? Have I studied hard and related theory to reality? We should frequently impose these demands on ourselves and use them to examine ourselves.

4. We should strengthen the building of grass-roots party organizations and bring into full play the exemplary vanguard role of party members. Our party is a large

party with more than 50 million members—one party member for every 20 or more persons in the country. Bringing into full play the role of grass-roots party organizations as a fighting force and the exemplary vanguard role of a vast numbers of party members has a great effect on increasing the party's rallying power, on enhancing the party's combat capability, and on uniting and leading the masses to work for the cause of reform and construction. The report stresses the need to vigorously promote five beliefs among all party members. These five beliefs are: The spirit of emancipating the mind and of making reforms and innovations; the spirit of showing respect for science and of working in a down-to-earth manner; the spirit of giving consideration to the overall situation and of working together and cooperating with each other; the spirit of being modest and prudent and of showing respect for the advanced; and the spirit of working hard and selflessly dedicating oneself. These five beliefs demonstrate our party's fine traditions and reflect the pulse of our times. If the whole party acts in this spirit, our party will have a brand new face and the exemplary role of party members will be brought into full play in the course of promoting socialist material and spiritual civilizations.

5. Uphold and perfect democratic centralism and safeguard party unity. Democratic centralism is the fundamental principle for the party's organization. It is an application of the mass line in the party's undertakings, a form of our regime, and a fundamental system of our party and country. It is also the most convenient and most rational system, which can never be abandoned. Upholding democratic centralism concerns the party and state's destinies, which should never be considered a general method for working and leadership. Comrade Deng Xiaoping once pointed out: If democratic centralism is not implemented well, the party, country, and socialism can deteriorate. We must understand and uphold democratic centralism from this high plain. If we truly practice centralism on the basis of democracy, and democracy under centralized guidance, it is possible to bring into full play the enthusiasm, initiative, and creative spirit of party organizations at all levels and all party comrades, as well as to effectively minimize mistakes and ensure the smooth implementation of the party's decisions and policies, making our party a party of unified actions and of powerful combat capabilities. We will be able to further develop a lively political situation where there is centralism and democracy; discipline and freedom; and unified determination and individual peace of mind.

Party unity, particularly the unity of leading bodies at all levels, is our party's lifeline. This is an important guarantee for doing our job well. The basic demand on leading cadres at all levels is that they attach importance to unity and consider the overall situation. Every true communist must possess this political character, as well as morals, and observe this political discipline. Unity is power. Unity can produce cohesive force, combat capability, and new productive forces. The unity of leading

bodies can create a force greater than individuals' total capabilities. The ancient Greek philosopher Aristotle has a well-known saying: The entirety is greater than the sum of individual elements. If a leading body is effectively united and has a good leader, its combined overall power will be greater than the sum of the capabilities of individuals. Disunity within leading bodies will result in losses for the party's undertakings and lead to an entirety that is smaller than the sum of individual elements. The foundation of our unity lies in Marxism-Leninism-Mao Zedong Thought, Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, and the party's basic line. It is possible to realize and consolidate strong and high unity only on this foundation. As it is common to have different opinions during the course of work, we should have heart-to-heart talks more often, and draw on collective wisdom and adopt useful ideas.

To unite leading bodies, we must conscientiously conduct criticism and self-criticism. It is a very precious characteristic to have the courage to criticize oneself. It is said that "it is easy to find others' mistakes, but difficult to find one's own." A communist should persist in doing good deeds and correct mistakes for the interests of the party and the people. This is a manifestation of high responsibility to the revolutionary cause. Lu Xun said: "I do appraise other people often, but I appraise myself even more frequently and ruthlessly." We should emulate such a selfless and fearless revolutionary spirit. Communists should not only conduct self-criticism, but also conduct goodwill criticism with great responsibility to the party's causes and to their comrades. Communists should assume a clear-cut attitude in distinguishing between right and wrong. It is a sign of party spirit impurity if they dare not criticize and struggle with incorrect ideology and behavior. Real life shows that only by persisting in the party's principles without the fear of offending a small number of people can we win the trust of the majority, and vice versa. Of course, we should also pay attention to forms and ways of criticism, with unity taken into consideration. We should set a good tone for mutual trust, support, and understanding. Leading cadres should be broad-minded and tolerant toward others. Leaders should have minds as broad as an ocean that contains 100 rivers, and they should stand upright like a 1,000-foot wall that is made staunch by eliminating all desires. Leading cadres at all levels should take the lead in setting the example of upholding principles, strictly observing discipline, safeguarding overall interests, and enhancing unity.

The report lastly emphatically noted: Despite many complications in socialism, in the long run, it will replace capitalism. This is an irreversible general trend in the course of history, and it has fully displayed the Chinese Communists' confidence that socialism will win. Because China has a population of 1.1 billion or more and some 50 million party members, the flourishing of socialism in China will contribute greatly to the world socialist cause and mankind's progress. The load and responsibilities on our shoulders are heavy. The report

foresees a magnificent future by the 100th founding anniversaries of the party and the state, respectively, and this is encouraging. China's history and children have placed the hopes of the country's prosperity and people's happiness on the party. We must strengthen our communist ideals, our Marxist beliefs, and our resolve to build socialism with Chinese characteristics and undertake the mission entrusted to us by history.

Our ideological line, general political principles, goals, and tasks have all been defined, and what counts now are practical deeds, implementation, and arduous and meticulous work. We should give top priority to the study, publicity, and implementation of the guidelines of the 14th CPC Congress; arm the entire party with Comrade Deng Xiaoping's theory for building socialism with Chinese characteristics; and unify our thinking in line with the guidelines of the 14th CPC Congress. We should go all out and boldly do everything to conform to the guidelines of the 14th CPC Congress. We must go deep into the realities of life and among the masses, study and solve problems, and get rid of bureaucracy and formalism so that the large number of cadres and the masses will truly translate the guidelines of the 14th CPC Congress into conscious action, which then becomes a powerful driving force, pushing the cause of socialism with Chinese characteristics into full swing. Let us closely unite together under the leadership of the CPC Central Committee with Comrade Jiang Zemin as the nucleus, concentrate our efforts on boosting economic construction, quietly immerse ourselves in hard work, forge ahead to attain the magnificent goal of China's modernization, and strive for greater victory in building socialism with Chinese characteristics.

NPC Committee Session Holds Group Discussions

OW2412115292 Beijing XINHUA Domestic Service in Chinese 1056 GMT 23 Dec 92

[By reporter Zhang Yinshu (1728 6892 2562)]

[Text] Beijing, 23 Dec (XINHUA)—The 29th Session of the Seventh National People's Congress [NPC] Standing Committee held group discussions yesterday afternoon and today. Committee members conducted lively discussions on the draft Surveying and Cartography Law, the draft Overseas Chinese Donation Law, the draft State Security Law, and the draft Supplementary Regulations on Punishing the Hijacking of Airplanes, Ships, or Warships.

While discussing the draft Surveying and Cartography Law, committee members held: The formulation of the Surveying and Cartography Law has important significance for China's economic and defense construction, as well as scientific research. The draft law, which has undergone preliminary deliberations and several organized discussions, is relatively set and fundamentally feasible. It was suggested that the current session deliberate and adopt this draft law. Committee member Yang Lieyu said: China's territory is vast. Objectively

speaking, we require surveying and cartographic work to serve China's economic and defense construction, as well as scientific research. It is particularly necessary to strictly specify and formulate by law practical experiences gained in surveying and cartographic work and ways to further develop the related work in the future.

During their discussions on the draft Overseas Chinese Donation Law, committee members held: The formulation of the draft Overseas Chinese Donation Law is conducive to protecting the legitimate rights and interests of donors and recipients. It will be conducive to strengthening administration over donation work.

When discussing the draft State Security Law, committee members said: The formulation of the draft State Security Law is absolutely necessary in order to further protect state security; safeguard the political power of people's democratic dictatorship and the socialist system; and guarantee the smooth progress of reform, opening up, and socialist modernization drive. Committee member Yang Jike said: Following a detente in the international situation, domestic economic construction has gradually become the central task. We must guard against foreign hostile forces from causing sabotage and subversion in China through economic means. Committee member Fu Hao said: Since the implementation of policies of reform and opening up, China has achieved great success in its socialist modernization drive. Under such circumstances, we should all the more strengthen the people's democratic dictatorship. Therefore, the State Security Law is very important and it is high time for its formulation.

Committee members also discussed the draft Supplementary Regulations on Punishing the Hijacking of Airplanes, Ships, or Warships.

Furthermore, committee members made suggestions at the discussions to amend the four draft laws.

State Security Law

OW2312132592 Beijing XINHUA in English 1318 GMT 23 Dec 92

[Text] Beijing, December 23 (XINHUA)—The majority of legislators attending the current session of the Standing Committee of the Seventh National People's Congress (NPC), China's legislature, held that it is a key and urgent task to formulate a law on state security.

They expressed the hope that the draft law on state security now under deliberation could be passed as early as possible, following necessary revisions.

NPC Standing Committee member He Ying said the fundamental national interest lies in social stability and state security to ensure smooth development of economic construction.

"It is important to make into law the past policies and successful measures as regards state security," he said.

Legislator Fu Hao said that China, which has achieved great success since the policies of reform and opening began a dozen years ago, must be alert to the possibility of sabotage from hostile forces both at home and abroad, adding that it is high time to formulate a law on state security.

Wang Jinling said that such a law will help the people get a better understanding of state security and correct some people's false concept that state security work is a mystery and has nothing to do with themselves.

Legislators also made some suggestions on the revision of the draft law.

Wang Jinling pointed out that the law on state security should protect not only state security, but also the national interests.

"The draft law should also include stipulations on punishment of criminal activities like stealing economic information and scientific and technological secrets, which endanger state security as much as the theft of political and military secrets," said Wang.

Legislator Fu Kuiqing said that armed forces are always a major sabotage target of hostile forces both at home and abroad, and political and ideological infiltration and theft of military secrets should be clearly listed in the draft law as activities endangering state security.

Circular Issued on Solicitude for Intellectuals

OW2312144092 Beijing XINHUA Domestic Service in Chinese 0117 GMT 22 Dec 92

[Text] Beijing, 22 Dec (XINHUA)—The Ministry of Personnel issued a circular recently requiring the administrative departments in charge of personnel, and scientific and technological cadres at all levels to conscientiously do a good job of expressing solicitude for experts and conveying season's greetings to them during the period of the New Year and Spring Festival holidays.

In its "Circular on Expressing Solicitude for Experts and Conveying Season's Greetings to Them During the Period of the New Year and Spring Festival Holidays," the Ministry of Personnel pointed out: As science and technology are the primary productive forces, first of all, it is necessary for us to promote the development of science and technology in our endeavors to promote economic development. Intellectuals are pioneers of advanced productive forces, and, as such, they play a particularly important role in reform, opening up, and modernization. The report delivered at the 14th CPC National Congress called on us to make efforts to create a good environment favorable to intellectuals to give full play to their intelligence and wisdom; and to enable a prevailing, good custom of showing respect for knowledge and trained personnel to further take shape throughout society.

The "Circular" required the administrative departments in charge of personnel and scientific and technological

cadres at all levels to conscientiously implement the guidelines laid down by the 14th CPC National Congress; and to call on all experts who have made outstanding contributions on every front of endeavor and on all the experts who have returned to China, to visit their houses to express solicitude for them and convey season's greetings during the period of the New Year and Spring Festival holidays. Through these activities, these departments were required to publicize the guidelines of the 14th CPC National Congress to the experts; brief them on the work done by these departments for intellectuals; listen to their views and suggestions; understand their working and living conditions, conscientiously help them solve some concrete problems, and accomplish more tasks that really benefit them; and make friends with them by confiding in them, and by adopting an honest and above-board attitude, and to then unite the vast numbers of intellectuals to further enhance vigor and enthusiasm, and continue to make new contributions to China's reform, opening up, and modernization.

Family Planning Linked To Education, Services

OW2312165592 Beijing XINHUA in English 1517 GMT 23 Dec 92

[Text] Beijing, December 23 (XINHUA)—China has consistently relied on publicity, education and various services to carry out its family planning policy, a senior official from the State Family Planning Commission (SFPC) said here recently.

Peng Peiyun, minister in charge of the SFPC, said that China integrates its family planning with various kinds of services such as free distribution of contraceptives.

Public education is the first priority of China's population program, Peng said. Information regarding the country's serious population situation is widely disseminated so as to enhance the public understanding of the family planning policy.

So far, population schools imparting basic knowledge on population and family planning have been set up in both rural and urban areas. They provide couples of reproductive age with reliable and accurate contraceptive information.

"It is a firm policy of the Chinese Government to prohibit any kind of coercive action in implementing family planning," Peng said.

In late 1990, China put into effect the administrative procedure law, which forbids the abuse of their powers by government officials, and provides all citizens with the right to sue abusive government officials.

To advocate "one couple, one child" does not mean that all couples should have only one child under all circumstances, Peng said.

Those rural couples with practical difficulties can have two children. In areas inhabited by ethnic minority people, some of the farmers and herdsmen still have three children.

Owing to a number of factors such as labor-intensive farming methods, low agricultural productivity, lack of old-age support, comparatively high infant mortality and low levels of education, the family planning program is more difficult to be fully implemented in China's rural areas, Peng noted.

However, she added, serving the long-term interests of the country and taking into account some people's practical difficulties, the present family planning policy has gained understanding and support from the people.

The policy includes a system of incentives and disincentives so as to further promote its implementation, Peng said.

In urban areas, the incentive schemes include families who voluntarily have only one child. They are awarded a monthly stipend for their single child. Mothers are entitled to 90 days maternity leave with full pay after delivery. In some areas, single child families are also given preferential treatment in housing and old age support.

In rural areas, single child families are entitled to more contracted land or are required to turn over less of what they produce. Some also enjoy priorities for agricultural loans, fertilizer, pesticides and housing plots.

Peng said disincentives are social welfare fees collected from families with more children. "They are not coercive methods of the family planning policy," she said, adding that the funds are used for family planning and social welfare services.

In China, the government pays for most medical care, education, employment and other subsidies. "More births create a heavy burden for the state, and it is impossible for China to provide subsidies and services equitably for all families if some have many children," Peng said.

Economic & Agricultural

Progress in Reform, Opening Up Reviewed

OW2312084692 Beijing XINHUA Domestic Service in Chinese 0817 GMT 22 Dec 92

[By reporter Zhang Jinsheng (1728 6930 0524)]

[Text] Beijing, 22 Dec (XINHUA)—China has made major, heartening progress in reform, opening up, and economic development this year. Under the guidance of Comrade Deng Xiaoping's important talks made during his southern inspection tour and the guidelines of the 14th CPC National Congress, the whole nation has further emancipated their minds and changed their ideas to further speed up the pace of economic structural

reform; open up wider to the outside world; and usher in a new phase of accelerated economic growth.

Information released by the State Planning Commission shows that China's economic structural reform and opening up to the outside world have been developing in unprecedented depth and breadth this year. Take reform, for instance; reform in rural areas has further deepened. The CPC Central Committee's decision to improve the operations of state-owned large and medium-sized enterprises has been put into force. The "Regulations Concerning the Transformation of the Operational Mechanism of State-Owned Industrial Enterprises," which were formulated and put into effect by the State Council, has helped speed up transformation of their operational mechanism and march into the market. There have been breakthroughs in the depth and level of difficulty of enterprise reform: A number of provinces and municipalities, and relevant State Council departments have formulated specific rules for implementing the "regulations" and enterprises that account for 30 percent of the nation's total payroll have implemented substantial reforms in internal labor, personnel, and wage systems, and appropriately sped up reform of the social security system. Experiments with the shareholding system and the issuing of stocks is well under way. Great strides have been made in price reform: The state has readjusted the purchasing and marketing prices of grain to balance the two; experiments of completely freeing grain prices are under way in some localities. Continued efforts have been made to readjust the prices of railway freight transport, coal, and crude oil as well as some public utility fees. We have decontrolled, to quite a great extent, the prices of capital goods and the retail prices of some commodities. Markets of all kinds have emerged or have seen rapid expansion; a number of regional wholesale markets dealing in grain, cotton, assorted agricultural and sideline products, manufactured goods as well as markets dealing with capital goods, have emerged. Fund markets, especially capital markets dealing with securities and stocks, have developed. Moreover, comprehensive reform of the housing system has started and new progress has been made in the structural reform of the systems of planning, investment, finance and taxation, banking, commerce, materials, foreign trade, labor and wages.

The focus of the nation's opening up wider to the outside is spreading from coastal regions to border and riparian regions, forming, by and large, a new pattern of multi-level, multi-channel, and multi-directional opening up. In addition to granting preferential policies to the Pudong development zone, the state has allowed Hainan to parcel out pieces of the Yangpu Economic Development Zone to attract foreign investment. A number of bonded areas have been set up in coastal regions; foreign-funded banks and retail businesses have been allowed to operate in coastal cities; utilization of foreign capital has begun to move toward basic industries and tertiary industries.

According to analysis, China's formerly highly centralized economic structure with mandatory planning as its principal characteristics has undergone profound changes. At present, mandatory quotas for agricultural production have all been abolished. In industry, mandatory quotas, which covered over 90 percent of the total industrial output in 1980, have dropped to 12 percent. Such quotas have also been significantly reduced in commerce, materials, foreign trade, and other sectors. The source of investment has diversified, the source of funds multiplied, and the enterprise or locality's decisionmaking powers over investment have increased markedly. Prices of many commodities have been decontrolled. Consumer goods whose prices are set by the state account for only about 10 percent of the total volume of retail sales; capital goods whose prices are set by the state account for about 30 percent. All this indicates that the market is playing a markedly increased role in regulating China's economic activity.

All-around acceleration of reform and opening up has served as a mighty stimulus to high-speed economic growth. Economic data for the first 11 months indicates that China's 1992 GNP is expected to rise, in terms of comparable prices, by 12 percent over the previous year—of which, primary industry by 3 percent; secondary industry, 19 percent; and tertiary industry, 8.5 percent. Agricultural production has risen steadily and there is a strong momentum for high-speed industrial growth. The nation's annual industrial output for the whole year is expected to grow 21 percent. Growth in the production of capital goods has out paced that of consumer goods. Production in large and medium-sized enterprises has risen markedly and their economic efficiency has begun to gradually pick up after a drop. The amount of standard coal consumed for every 10,000 yuan of GNP has dropped from 5.19 to 5 metric tons, or 3.7 percent. The rate of profits and taxes generated from industrial funds has risen from 9.46 to 10.05 percent. Total investment in fixed assets rose 14.7 percent over last year, or about 9 percent after adjustment for price fluctuations. The total volume of imports and exports rose 21.6 percent, of which export rose 14.9 percent. Foreign capital actually used in the first 10 months registered an increase of 57 percent over the corresponding 1991 period, foreign investment absorbed in that period doubled over the corresponding 1991 period. Marked progress was made in science and technology, education, culture, public health, and physical education. Income in both urban and rural areas rose and the people's living standards improved continuously. All this shows that China has made a good start in ushering in a new phase of economic development.

The commission's analysis notes that some problems that have arisen from accelerated economic growth this year also merit our attention. The main ones are: Some localities have vied with one another in setting unrealistically high targets without taking into consideration their actual conditions, market demands, and economic efficiency; there has been too sharp a rise in investment

in fixed assets, too many of the newly launched projects are ordinary ones, and the investment structure is not sufficiently rational; excessive credit that has been extended and the amount of currency in circulation far exceed the needs of normal economic growth. There are some latent destabilizing factors in agricultural development. Some "bottlenecks" in infrastructure and basic industries have become increasingly restrained. All these are problems in our advance and they all affect the overall economic situation; therefore, we should pay adequate attention to them.

Progress of Socialist Market Economy Examined

*OW2412100992 Beijing XINHUA in English 0827
GMT 24 Dec 92*

["Roundup": "China Speeds Up Transition Towards Market Economy"]

[Text] Beijing, December 24 (XINHUA)—China has quickened the pace in establishing the new system of a socialist market economy following the spirit of the Chinese Communist Party's 14th National Congress convened in October.

The push has been carried out in different spheres, including the reform of the enterprise system, the setting up of a market system and implementation of macro control measures and a mechanism governing market order.

Currently, enterprises, regarded as the main functioning part in market operation, are being pushed onto the market. It has become an important task to invigorate the management of enterprises for the establishment of the new market economy.

Under the previous planned economy, the state was responsible for all the losses and gains of the enterprises. Now the reform is to turn the enterprises into legal entities responsible for their own decisions about their operation and expansion and for their own profits and losses.

According to rough calculation, the country now has more than 8,400 state enterprises taking on the pilot reformative programs. And more than 650 enterprises have obtained the power to engage in foreign trade.

In addition, more than 120 enterprises have been permitted to sell their shares to the public.

Formal laws and regulations concerning the transition of enterprises mechanism are to be issued soon.

In response to the party's call, the central and local governments have drafted new measures for perfecting markets of different kinds.

The Ministry of Materials and Equipment will spend three years and up to 2 billion yuan to establish 20 large wholesale markets and futures markets for production means and raw materials.

The ministry also plans to add 10,000 retail sales markets across the country by the end of next year.

The headquarters of the People's Bank of China also put forward new measures which include the breaking of embargoes and barriers between regions and professions and setting up a more effective financial system. The stock markets, foreign exchange centers and other kinds of financial markets are being upgraded in major cities.

The bank recently also proved the operation of three major securities companies in Shanghai, Shenzhen and Beijing.

In the meantime, the reform of the price system is also being carried out in the country. The state administration of commodity prices has given up the control of 593 production means and transport charges. Up to now, the categories of production means under state control have decreased to 89 from 737 one year ago. Economists say this indicates the shaping of a price administration system guided by the market.

The key link for establishing a market economy lies in the fundamental change of the previously highly centralized system of planned economy, according to economists.

The State Planning Commission, the general planner and administrator of China's economic development, has vowed to transfer its functions to focus its work mainly on macro elements, including studying development strategy, drafting plans, and balancing and coordinating service efforts.

Accordingly, government departments are also trying to simplify their structure to better facilitate the economic progress in diverse fields and localities.

Economists also hold that it is a tough task for the country to work out a series of new laws and regulations to regulate the market operation. The Standing Committee of the National People's Congress (NPC), China's leading legislative body, has already decided to take timely efforts to meet the needs.

Peng Chong, vice-chairman of the NPC Standing Committee, said the new laws to be drafted includes those governing the operation of companies, securities, banks, investment, social security and market competition.

Experts are also calling for revision of the country's constitution since some of its articles are contradictory to the development of a market economy.

According to experts, greater efforts are needed for the gradual change from an old system to a new one. The following two or three years will be a critical stage in fulfilling the target.

Industrial Production Up 20 Percent in 11 Months

*OW2312144992 Beijing XINHUA in English 1438
GMT 23 Dec 92*

[Text] Beijing, December 23 (XINHUA)—China's industrial production jumped over 20.4 percent with increasing economic efficiency and a good market in past 11 months of this year, according to figures available from the State Statistics Bureau here today.

Of the total, light industry went up by 18.4 percent while heavy industry was up by 22.2 percent.

The economic situation will turn for the better next year as the social demands are growing and there will be a continuous growth in industry and agriculture as well as in service trades, the figures suggest.

As the industrial production quickens its pace, economic efficiency has improved. A survey conducted by the bureau shows that 23 of 29 municipalities, provinces and autonomous regions across China reported growth in economic efficiency, especially Beijing and Shanghai Municipalities and Fujian, Guangdong, Yunnan and Zhejiang Provinces.

Remarkable increases in economic efficiency were reported from the state-owned and large and medium-sized enterprises. The index of economic efficiency stood at 90.82 and 99.38, respectively, from January to October this year.

China's industrial enterprises have made efforts to improve the marketing of their own products and piles of stocked goods reduced. They achieved sales income of 1949.1 billion yuan or 24.2 percent in past 10 months over the same period last year.

An industry official analyzed that the fast economic growth and rapid industrial production expansion should be ascribed to a large amount of investment in fixed assets, which reported an increase of 37 percent in the past 10 months.

On the other hand, China has a good consumer goods market. The sales volume of commodities rose from 14.9 percent in June to 16.5 percent in October on a year-to-year basis. Purchases by commercial departments increased by an average of 18.2 percent in the first six months to 21.5 percent in October.

Moreover, industrial enterprises were given more circulating capital.

Editorial Cautions on Rapid Economic Growth

HK2312142692 Hong Kong CHING CHI TAO PAO in Chinese No 50, 21 Dec 92 p 2

[Editorial: "Be Vigilant Against Return of 'Great Leap Forward'"]

[Text] Inspired by the Deng whirlwind which began to blow at the beginning of this year, China has speeded up the pace of reform, opening up, and economic growth. State-owned enterprises are vigorously transforming their operational mechanism; controls have been lifted over commodity prices in 16 provinces and 380 counties and cities; the number of means of production under state control has been reduced from over 700 varieties to some 80; 18 provincial capitals as well as a large number of coastal and border cities and ports have been opened to the outside world; the total amount of foreign capital involved in contracts has increased over 50 percent; a drastic increase has been registered in the import and export volumes, with the total trading amount accounting for one third of the gross national product; the growth rates of both industrial output value and financial revenue have exceeded 20 percent; and great changes have taken place in people's mentality. All these have showed clearly that China's reform and opening up have entered a new stage.

In the face of such a situation, we consider it necessary for people to keep sober-minded. This means that while we enjoy seeing the new achievements and new look brought about by economic development, we need to pay greater attention to some serious problems that have already cropped up during the economic development. Relevant departments should attach proper importance to the following problems and earnestly adopt measures to solve them:

The scale of fixed assets investment is over-expanded, thus aggravating the already tight supply of raw and semi-finished materials and bringing greater pressure to bear on communications and transportation.

The credit scale and currency issuance volume are increasing at an unduly fast pace; as a result, inflation has increased and a two-figure increase in commodity prices has been registered in a number of big and medium cities.

Industrial production grows at an unduly fast pace, thus causing stockpiled goods and "debt chains" to swell.

The stock and real estate markets have undergone an unduly fast development, however, the legal and accounting systems fall short of the new demands brought about by such fast development, thus giving rise to many economic and social problems.

In the agricultural field, the enthusiasm of some peasants has been dampened by the reemergence of such phenomena as issuing IOUs in purchasing agricultural and sideline products, arbitrarily imposing production quotas and raising funds among peasants.

Financial deficits have increased; as a result, a big gap will appear between the actual and budgetary deficits in the future.

What merits our special attention is the reemergence of trends similar to "the Great Leap Forward" in some

localities. It is quite common that people blindly concentrate on output alone at the expense of economic efficiency, and vie with each other to achieve this goal; the phenomenon of ignoring the economic structure and blindly engaging in infrastructural construction can be seen everywhere, and this construction is usually overlapping and often involves scrambling for raw and semi-finished materials as well as communications and transportation; the symptom of the tendency of blindly setting up economic development zones regardless of objective conditions has also arisen, and people do not bother themselves to consider whether or not the investment environment of these new development zones have any appeal to foreign investors; and "associations" and "festivals" under all sorts of pretexts have emerged in an endless stream which waste both money and manpower.

Facing these phenomena of hotheadedness, people are apt to seek ideological causes, claiming that all these are caused by "the short-sighted concept of small-scale production," by those who hope to get rich faster yet "ruin the business with good intention," and by the special feature of human thinking that "difficult issues are approached and handled with great caution and easy matters with negligence." No doubt these analyses contain certain truth, but they are not the fundamental cause. The fundamental cause lies with the fact that the old mechanism which still plays a dominant role is a mechanism of investment expansion. Without completely transforming this mechanism, it is impossible to eliminate the above problems. Therefore, during the period of replacing the old mechanism with the new one, it has become absolutely necessary at the present stage for relevant departments to keep a clearer head; make earnest efforts to carry out reform, readjust economic structure, and improve economic efficiency; and seek to set up a fundamental framework of market economy as soon as possible, instead of concentrating their attention on "getting going and going all out."

The "Great Leap Forward" in 1958 still remains fresh in people's memory, and people still have a lingering fear of the disasters it brought about. Today, we feel it necessary to make a call here: Be vigilant against the return of "Great Leap Forward"!

Consulting Industry To Receive Major Boost

HK2412043892 Beijing CHINA DAILY in English
24 Dec 92 p 2

[Report by staff reporter Wang Yong: "Consulting Industry Set for a Major Fillip"]

[Text] China's consulting industry is set to get a major fillip as the country moves to discard its centrally-planned economic system.

Government officials have declared that the State will relinquish more power to consulting companies in project approval and macro economic control.

The China National Association of Engineering Consultants (CNAEC) is to be launched formally tomorrow to help the industry find its own feet in the market-oriented economy now prevailing in China.

The association is an umbrella organization for 187 large domestic consulting companies.

The announcement was made in Beijing on Tuesday by the China International Engineering Consulting Corporation (CIECC), the largest of its kind in the country.

The company has appraised 1,331 projects, with a total investment of more than 1 trillion yuan (\$172 billion) since 1986 when it started formal operation.

But corporate officers say a nationwide recognition of the consulting industry remains a catch because bureaucratic intervention is still in place.

China has approved the construction of about 50,000 projects so far this year, but only a puny proportion have been subject to appraisals by consulting companies.

"Though it is just taking shape, the industry will develop in full swing in the near future," said Lu Guodong, Vice-President of CIECC.

His company has just been approved by the State to conduct appraisal for the State fixed assets.

The Property Appraisal Company of CIECC boasts a cutting edge over the chartered public accountants in that it is more sophisticated in technological appraisal.

Analysts explain that the appraisal for State fixed assets, which will take many years to complete, could promise a big business for consulting companies.

The envisioned association of consultants will help formulate a first consulting management regulation in the country, which is expected to ensure favourable treatment for the sector.

The association will also try to promote the participation of Chinese consulting companies in the projects under the World Bank and/or Asian Development Bank loans.

The domestic companies are complaining that almost all of the consulting businesses related to these projects have been clinched by their foreign counterparts.

First Futures Brokerage Firm Established

HK2412065092 Beijing CHINA DAILY in English 24 Dec 92 p 2

[Report by staff reporter: "The First Futures Brokerage Firm"]

[Text] China's first futures brokerage firm, Guangdong Wantong Futures & Commodities Trading Company, was set up on Tuesday.

"It marks a new step in China's experiment in futures trading," said He Guanghui, Vice Minister of the State Commission for Restructuring the Economic Systems (SCRES).

Wholesale markets and commodity exchanges, which are aimed at futures trading, have been established in Zhengzhou, Shenzhen, Shanghai and Suzhou.

The company has established business relations with the world's major commodity and futures traders—in Chicago, New York, London and Hong Kong.

While promoting the development of the brokerage industry, "China should issue laws as soon as possible to standardize the behaviour of brokerage firms," said Wu Mingyu, deputy director of the Research Centre of the State Council.

Railroads Expect \$4 Billion in Foreign Loans

HK2412081592 Beijing CHINA DAILY in English 24 Dec 92 p 1

[Report by staff reporter Xie Yicheng: "\$4 Billion in Loans on Line for Railways"]

[Text] Foreign loans to China's rail system are expected to top \$4 billion over the next four years, say railway officials.

They are expected to reach \$400 million this year, \$750 million next year and \$3 billion in 1994 and 1995 to help with the railways' modernization drive, according to the Ministry of Railways.

An Shunyi, deputy director in charge of foreign loans under the ministry, said it also is delving into the possibility of direct foreign investment in the construction of some new lines such as the first high-speed link between Beijing and Shanghai.

The moves echo the ministry's pledge to step up all key railway projects during the 1991-95 period and complete them one year ahead of schedule to meet demand of the nationwide economic boom.

So far, foreign capital has already played a significant role in quickening the nation's railway modernization and introducing advanced foreign know-how and managerial expertise, officials said.

Thanks to \$2.1 billion of foreign loans from 1980 to 1990, China has built four new lines stretching 1,167 kilometres and electrified seven old lines with total length of 3,746 kilometres. The projects have added some 240-270 million tons to the rail system's annual cargo-handling capacity.

The expected use of foreign loans in 1994 and 1995 alone, for instance, could result in 2,194 kilometres of new lines built and 2,706 kilometres of old lines being renovated.

China's trunk railway network, for the first time, will get loans from the Asian Development Bank, which is likely to approve a \$400 million loan late next year or early 1994 for the 322 kilometre Beijing-Hengshui double-track section and 740 kilometre Fuyang-Xiangtan section of the Beijing-Kowloon railway now under construction, An said.

The World Bank also is expected to offer a \$420 million loan in February to the ministry for the sixth parcel of railway projects under the bank's auspices.

The bulk of this loan will go to electrification of the 695 kilometre Beijing-Zhengzhou line and the 1,100 kilometre Chengdu-Kunming line, rail telecommunication network and container transport.

Initial negotiations with the World Bank on the 7th, 8th and 9th parcel of projects and with the Japanese Government on the 4th Japanese loan programme will also be kicked off next year, as part of the ministry's quest for \$3 billion in foreign loans, An said.

Overseas loans and direct investment are expected to help development of the Beijing-Shanghai high-speed railroad. The \$5.17 billion project, with a designed travelling speed of 250 kilometres per hour, has been submitted to the State Council for final approval.

An said overseas capital would be an essential solution to the railway's tight money resources as well as an access to foreign high-speed technology.

Textile Minister Addresses National Meeting

OW2312143892 Beijing XINHUA in English 1355
GMT 23 Dec 92

[Text] Beijing, December 23 (XINHUA)—China has made great progress in its textile production capacity since the commencement of opening and reform 14 years ago.

At present, the country's output of cotton yarn, cotton cloth, silk products, garments and knitwear rank first in the world and its output of woollen goods ranks second.

Wu Wenying, minister of the textile industry, made the remarks at a national meeting on the textile industry which opened here today.

Wu said that in 1991 the per capita consumption of textile fibers stood at 4.2 kg, 1.7 times the figure for 1978. The retail volume of garments reached 135.63 billion yuan (about 23 billion U.S. dollars)-worth, accounting for 16.45 of the country's total, the second-largest consumer goods sector following foodstuffs.

She said that in 1978 China's exports of textile products and clothing ranked 11th in the world, and it climbed to fourth in 1991. The export of textile products has accounted for around one-fourth of the country's total export value every year since 1986.

At present, textile products are widely used in people's daily life and many industries such as aerospace, medicines, communications, metallurgy, chemicals, building construction, motor vehicles, water conservancy and defense, as well as in the high-tech field.

In the past 14 years the industry has also made big strides in using foreign funds. Statistics show that the country has set up some 3,000 foreign-funded textile enterprises involving 3.219 billion U.S. dollars of foreign investment. Moreover, the number of township textile enterprises have increased to 29,000.

Wu said through 14 years of reform and opening to the outside, great progress has also been achieved in the development of textile technologies and personnel training, accomplishing 3,112 scientific research findings, of which some 1,000 are state prize winners.

She said China plans to raise its processing capacity of textile fibers to about 9.5 million tons by the end of this century, with a per capita annual consumption of 5.2 kg; while the export volume will double the figure for 1991.

Record Exports Expected

HK2412043692 Beijing CHINA DAILY in English
24 Dec 92 p 2

[Report by staff reporter Yuan Zhou: "Textile Exports To Hit Record \$24b"]

[Text] China's textile exports are expected to hit a record \$24 billion this year, although the domestic industry as a whole is still economically inefficient.

Textile Minister Wu Wenying said yesterday in Beijing that the export of textiles of garments would rise at least 20 percent over last year.

In the first 10 months of this year, the export of textile products generated \$6.7 billion and garments export topped \$12.6 billion. The congregate figure accounted for 29.5 percent of total exports from the January-October period.

In 1991, China's total textile and garment exports stood at \$16.7 billion, with garments worth almost \$9 billion.

But Wu told a national gathering of senior textile officials that the situation is still "grim" for the industry this year as its economic efficiency continues to decline.

She said production is still out of control and technical renovation is hampered by a dire shortage of funds.

Wu promised, though, that by the end of this year the textile industry is hopeful of halting the chronic decline in economic efficiency and reducing industrial losses by 10 percent.

Wu said that this year the industry had made strenuous efforts to increase profits, cut down on stockpiling textile products, and renovate obsolete textile equipment.

About 40 percent of State-owned textile enterprises in 39 big and medium-sized cities suffered losses in September, ministry officials said.

She attributed the poor economic performance to multiple factors such as price rises, over-production and low-quality products.

During the January-September period, the domestic retail sales volume of garment products topped 112 billion (\$19.3 billion).

But the profits and taxes from the State-owned firms dropped by 9.42 percent compared with the nine-month period last year.

The minister said that despite these difficulties, the business conditions for the industry would improve in the coming years when domestic and international demand for Chinese textile products is expected to rise.

Wu said that at present, a total of 213 textile firms have been granted autonomy in the management of their export business.

Following the current State economic strategies in developing trade with neighbouring countries, many Chinese textile firms have been authorized to do border trade, Wu said.

Some of the most powerful ones have started investment in the overseas textile industry, she said.

According to the minister, this year there were 242 new foreign investment projects in the Chinese textile industry, with a contract value of \$372 million.

China now has about 3,000 foreign-funded textile firms.

Chemical Industry Urged To Adapt to Market Economy

*HK2412064592 Beijing CHINA DAILY in English
24 Dec 92 p 2*

[Report by staff reporter Zhang Xingbo: "Minister Urges Chemical Sector To Step Up Reforms"]

[Text] Shenzhen—A leading Chinese chemical official yesterday urged the chemical sector to step up its development by adapting itself to the market economy.

Gu Xiulian, Chemical Industry Minister, made the remark at the national conference of provincial-level chemical industry officials, which ended in Shenzhen City, Guangdong Province yesterday.

To push the chemical industry further, the ministry is set to lift control over the price of 254 kinds of chemical products, with only 30 kinds still under the State or local governments' control. In the near future, the prices of all chemicals will be free of State control and regulated by the market.

At present, China has established chemical product markets in Beijing, Shanghai and Yantai cities as well as Jilin, Jiangsu and Zhejiang provinces.

On that basis, Gu said, the chemical ministry also plans to develop chemical futures markets.

The chemical ministry is now making preparations for the establishment of the Beijing chemical technology market.

In addition, Gu said, the chemical sector should attach great importance to the establishment of a chemical information market. China Chemical Information Centre in Beijing now provides for a fee an information service to customers at home and abroad.

At present, many State-owned large- and medium-sized chemical enterprises are not economically efficient enough and do not offer a wide enough range of high-grade chemical products. What's more, Gu said, many of the country's 6,000 chemical plants are too small to take economic risks.

To change the status-quo, the minister said, chemical firms are urged to integrate or merge with others to form chemical industrial groups.

Competition among chemical producers has become more intense in the world market, Gu said.

Li Peng Praises Ningbo Industrial Development Zone

*OW2412120292 Beijing Central People's Radio
Network in Mandarin 2230 GMT 20 Dec 92*

[From the "News and Press Review" program]

[Text] More than 40 export-oriented and technology-based enterprises, with a total investment of more than 470 million yuan, have been established in Zhejiang Ningbo City's (Weixi) Industrial Development Zone, which has developed with funds raised by itself since it was founded a year ago. Premier Li Peng recently fully affirmed the industrial development zone's efforts to develop with its own funds.

Li Tieying Addresses Pudong High-Tech Meetings

*OW2312142592 Shanghai WEN HUI BAO in Chinese
12 Dec 92 p 1*

[By reporter Zhang Zhiqiang (1728 5261 1730): "High Technology Group Moves Into Pudong—Li Tieying and Huang Ju Address Foundation Stone-Laying Ceremony"]

[Text] Yesterday morning, at Plot No. 10 of Pudong's Jinqiao District, Li Tieying, member of the CPC Central Committee Political Bureau, state councillor, and minister in charge of the State Education Commission; Huang Ju, mayor of Shanghai Municipality; and other

leading comrades joyfully wielded spades to lay the foundation stone for the High Technology Building and the High Technology General Factory of the China High Technology Group [CHTG].

Yesterday morning, Li Tieying, Huang Ju, and others attended the ceremony in which agreements were signed to establish three high technology enterprises of the CHTG. Attending the foundation stone-laying ceremony and the signing ceremony were Chen Zhili, deputy secretary of the Shanghai Municipal CPC Committee; Xie Lijuan, vice mayor of Shanghai Municipality; directors of the eight departments under the State Education Commission; responsible persons of commissions and offices of Shanghai Municipality; and representatives from some 60 colleges across the nation. It was the first time in the history of Pudong's development that so many leaders and representatives from so many departments had attended a signing and foundation stone-laying ceremony. Li Tieying also wrote a few words of encouragement: "Develop the technology industry of colleges, and actively take part in the development of Pudong".

Comrade Li Tieying delivered a speech at the signing ceremony. He pointed out: The establishment of high technology groups is an important exploration in the reform of tertiary education, and an important measure to realize Comrade Deng Xiaoping's directive on "developing high technology to accomplish industrialization". On behalf of the State Education Commission, he thanked the Shanghai Municipal CPC Committee and government for their concern and support of the CHTG. He praised the CHTG for having made a good start and expressed the hope that it will accomplish its great plan and establish itself in Pudong.

Li Tieying said: The CHTG will boldly and extensively organize the technology, talent, and know-how of colleges to participate in the development of Pudong, and will do so according to the mechanism for developing a

socialist market economy. This will generate a new function for the colleges of serving economic construction in addition to teaching and scientific research. He expressed the hope that the CHTG will manage the high and new technology industry according to this line of thought, and open a new way for the development and reform of colleges.

The CHTG was set up by some 160 famous universities across China, and already has nine subsidiary companies. At the signing ceremony yesterday, the CHTG signed agreements separately with the Beijing Posts and Telecommunications Institute, Hong Kong's Zairun Company Limited, and the Shanghai Banknotes Printing House to establish three high technology enterprises.

Mayor Huang Ju addressed the signing ceremony, and spoke highly of this significant project in the new Pudong district by the CHTG. He said: This is the first time that over 100 colleges have joined forces to participate in the development of Pudong, in which education, research, and development are combined into one; technological achievements and their development are closely linked to the main economic battlefield; and domestic and foreign companies are brought together to speed up the application of high and new technology. He wished the CHTG and its partners common prosperity, and hoped that they will make greater and newer contributions toward efforts to build a socialist market economy.

After the signing ceremony, Li Tieying, Huang Ju, and the other leading comrades took a van to the Jinqiao Export Processing Zone to participate in the foundation stone-laying ceremony for the Jinqiao High Technology Building and the High Technology General Factory of the CHTG. The High Technology Building is 24 stories high with a total surface area of 24,000 square meters [sq m], and will have offices, shops, guesthouses, restaurants, and entertainment quarters. The general factory has five stories with a total surface area of 28,000 sq m. The total layout for the two projects is 150 million yuan. Xie Lijuan spoke at the foundation stone-laying ceremony.

East Region

Jiangxi Attracts \$89.4 Million of Taiwan Funds

HK2312142592 Nanchang Jiangxi People's Radio
Network in Mandarin 1100 GMT 21 Dec 92

[Text] This year, our province's work in attracting Taiwan funds has scored gratifying results. By the end of November, the province had another 123 new Taiwan-funded projects, and had imported \$89.4 million of Taiwan funds, 1.63 times more than 1991.

This year, with the encouragement from Comrade Xiaoping's important southern tour speech, various localities in our province have worked hard to improve the investment environment, and the Taiwan affairs offices of various levels have actively established links in order to do attract Taiwan funds well, and this attracted a growing number of Taiwan businessmen to inspect and invest in the province.

This year, among the Taiwan-funded projects in the province, the technological levels have markedly improved. In the past several years, over 70 percent of the projects were simple processing industry of a resource exploitation nature, such as bamboo and food processing. This year, over 70 percent of the Taiwan-funded projects are electronics, machinery, and electricity projects which have certain technological levels; at the same time, the investment scale among Taiwan businessmen has continuously expanded. In 1991, the average amount of investment solely made by Taiwan businessmen was \$440,000; this year, the figure rose to \$730,000. Places receiving Taiwan investment are no longer confined to cities such as Nanchang and Ganzhou where transportation is convenient; and some remote and hilly districts, such as Chongyi, Zixi, Yongxin, Yushan, and Jinggang Mountain, also have Taiwan-funded enterprises.

Shandong Secretary Addresses Meeting on Science

SK2412000492 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 22 Dec 92

[Excerpt] The provincial meeting to introduce the experiences in developing Shandong with science, technology, and education was held ceremoniously in Jinan on 22 December. The meeting was another fairly large-scale meeting after the provincial conferences on reform and opening and on the tertiary industry. In line with the guidelines of the 14th CPC Congress, the meeting participants summarized and introduced experiences, commended the advanced, and studied and arranged the task to implement more rapidly the principle of developing Shandong with science, technology, and education in the new situation in an effort to achieve faster and better results in developing Shandong's economy and other undertakings.

Jiang Chunyun, secretary of the provincial party committee, chaired the meeting and gave an important speech. Jiang Chunyun said: We should deepen understanding of the principle of developing Shandong with science, technology, and education; enhance the sense of urgency and responsibility; study ways to achieve faster and better results in promoting technological progress and developing education; and as soon as possible truly channel economic construction to reliance on scientific and technological progress and to improvement of the quality of laborers.

Jiang Chunyun emphasized: We should profoundly understand the guidelines of the 14th CPC Congress and Comrade Xiaoping's theory on developing science, technology, and education. We should make it clear that the competition in the economy is, in the final analysis, a competition in science and technology and in personnel, and that the infrastructure for training personnel is education. We should abandon all thoughts, concepts, and habits that despise, delay, and even hinder the development of science, technology, and education; make much progress in understanding; and truly place science, technology, and education in a prominent, strategic, and most important position.

Jiang Chunyun said: As we formulate economic development plans, we should also formulate a realistic plan for the development of science, technology, and education; advance clear-cut targets and tasks; and draw up programs for fulfilling the targets and tasks so that science, technology, and education will conform to economic and social development and reach a new higher level every few years.

Jiang Chunyun urged: All localities throughout the province should conscientiously summarize their own successful experiences in developing Shandong with science and technology, learn from the experiences of other localities, and accurately learn and persist in the best ways to develop science, technology, and education. The province as well as cities, prefectures, and counties should attach great importance to disseminating some successful experiences and enable these experiences to play a model and promoting role.

Jiang Chunyun pointed out: To develop science, technology, and education, we should formulate and implement the policies suitable for boosting the enthusiasm of the vast number of intellectuals and people from all social strata. The basic way to develop science, technology, and education is to reform and open. We should be determined to reform the numerous outdated systems and regulations that impede scientific, technological, and educational development; formulate the scientific, technological, and educational systems in conformity with the socialist market economy; and invigorate science, technology, and education. Attaching importance to policies is the greatest policy, and wanting to invest is the greatest investment. In other words, we should encourage all people and all of society to develop science, technology, and education.

In conclusion, Jiang Chunyun emphasized: We should make sure that top leaders pay attention to the primary productive forces. Comrade Deng Xiaoping said that science and technology are the primary productive forces, and that the key to the four modernizations is the modernization of science and technology. When leading the four modernization programs, we should pay attention to the key. As science and technology are the primary productive forces, top leaders should be the first to pay attention to them. Leaders who pay attention to the primary productive forces are wise leaders, and those who do not are not wise. It is hoped that leading comrades at all levels throughout the province will take more initiative in doing the work concerning the primary productive forces and perform it entirely until success is achieved.

Zhao Zhihao, deputy secretary of the provincial party committee and provincial governor, also spoke at the meeting. He addressed four issues: 1) a review of the implementation of the policy of developing Shandong with science, technology, and education in the past five years; 2) the need to clearly understand the situation and tasks and to further enhance the sense of urgency in implementing the policy of developing Shandong through science, technology, and education; 3) the need to deepen reform, open wider to the outside world, and establish a new mechanism for developing Shandong with science, technology, and education that conforms to the development of the socialist market economy; and 4) the need to further strengthen leadership and to ensure the implementation of the principle of developing Shandong with science, technology, and education.

After fully affirming Shandong's achievements and experiences in implementing the principle of developing Shandong with science, technology, and education in the past five years, Zhao Zhihao pointed out: Although Shandong has achieved fairly good progress in scientific and technological work and education in the past few years, it still lags far behind the development of the economy as a whole and, in particular, the need for establishing the socialist market economy system. We should have a clear understanding of this; become awakened, be prepared, and take action early; participate in competition and face the challenges with a new attitude; work conscientiously; and push science, technology, and education to a new level as soon as possible. [passage omitted]

Central-South Region

Activities, Remarks of Hainan Governor Noted

Meets Malaysian Chinese Group

HK2412095492 Haikou Hainan People's Radio
Network in Mandarin 2300 GMT 22 Dec 92

[Text] Yesterday afternoon, in the Overseas Chinese Hotel, Governor Liu Jianfeng and Vice Governor Wang Xueping met with the Malaysia-Hainan Unity Association's Hainan Province Investment and Inspection

Group, which was led by Mr. Zhu Qing Gong and Mr. Gu Chuan Chang; the group had more than 90 members.

During the meeting, Liu Jianfeng briefed the guests on Hainan's natural conditions, investment environment, and preferential policies; he welcomed overseas businessmen to Hainan to make investments.

Members of the inspection group said that they hope to further cooperate with Hainan and that they have confidence in investing in Hainan.

Members of the inspection group are overseas Chinese leaders of 68 guild halls under the Malaysia-Hainan Guild Hall Unity Association, and well-known industrial and commercial figures.

After the meeting, Liu Jianfeng and Wang Xueping, on behalf of the provincial government, held a banquet in honor of the guests in the Overseas Chinese Hotel.

Discusses Special Tariff Zone

HK2412095092 Haikou Hainan People's Radio
Network in Mandarin 2300 GMT 22 Dec 92

[Excerpt] At a symposium, which ended yesterday, on creating another Hong Kong in Hainan, Governor Liu Jianfeng said that with the building of a special tariff zone as the goal, Hainan must expedite reform and opening.

Liu Jianfeng said: At present, Hainan faces grim challenges in the areas of reform and development. Since the 14th Party Congress, the domestic situation has experienced rapid changes, and various localities have announced many new reform and open-door policies. Our country is about to regain GATT membership, and this will greatly reduce the policy difference between the interior and special economic zones. The countries and regions neighboring Hainan are developing their economies very rapidly, which has put great pressure on Hainan. Under this condition, we have clearly set the building of a special tariff zone as the basic goal of economic restructuring, which will enhance our fighting will and pose a great attraction to foreign capital.

Liu Jianfeng stressed: The special tariff zone is characterized by a high degree of openness in the new market economy system, and the building of the special tariff zone is to suit the need for economic development in Hainan and the goal and model of building the new market economy system, and it is a basic measure to implement the spirit of the 14th Party Congress and expedite reform and opening. At present, the crucial point is how to grasp the opportune time to turn the building of a special tariff zone into reality. First, we must consider our actual conditions, study and borrow from Hong Kong's successful experience, adopt corresponding measures, vigorously attract foreign investment, invigorate enterprises, lift restrictions on enterprises, create a very open market environment, lift restrictions on the financial market, conduct all economic activities according to market laws, and create an

effective macroeconomic regulatory and control mechanism that is standardized and institutionalized and a clean and efficient government administration system. [passage omitted]

Southwest Region

Guizhou Secretary Returns From New Zealand

HK2412095292 Guiyang Guizhou People's Radio Network in Mandarin 2300 GMT 21 Dec 92

[Text] After a 10-day visit to New Zealand, the province's seven-member observation group, headed by Liu Zhengwei, provincial party secretary, and Qiao Xueheng, vice chairman of the provincial people's congress standing committee, who was the deputy group leader, flew back to Guiyang last night.

Wang Siqi, deputy provincial party secretary, and other relevant personnel, greeted them at the airport.

Answering reporters' questions at the airport, Liu Zhengwei, provincial party secretary, said the observation trip was made at the invitation of the New Zealand ambassador to China, and the observation and visit were very successful.

While in New Zealand, the observation group specifically looked at the successful experience in animal husbandry and related processing industry.

Their experiences in integrating animal husbandry technology with the market and in the areas of standardization and application of scientific results are worth borrowing. Our province has vast undeveloped mountains which are covered by rain forests, and in terms of development of animal husbandry, we still lag far behind. Through the observation trip, we have learned many experiences worth borrowing. The provincial party committee and government will further develop large-scale agriculture and animal husbandry and grasp it as a key point in promoting our province's rural economy.

During the trip, the observation group also briefed New Zealand industrial and commercial figures on Guizhou Province's great achievements made since reform and opening, and on the improving investment environment; it welcomed overseas industrial and commercial enterprises to the province to make investments and conduct trade talks.

Sichuan Deputy Secretary Visits Satellite Center

OW2412045692 Chengdu Sichuan Television Network in Mandarin 1145 GMT 23 Dec 92

[From the "Sichuan News" program]

[Text] Xiao Yang, Sichuan provincial party committee deputy secretary and vice governor, visited the Xichang Satellite Launching Center yesterday to extend cordial regards to the leadership and comrades who took part in launching an Australian satellite. Xiao Yang toured the

technology monitoring room and the launching site. He also visited the command room to view videotape recordings of the previous satellite launchings.

Xiao Yang wished comrades of the center greater success in winning for China a greater share of the world market for space technology.

North Region

Beijing Releases Jan-Nov Economic Statistics

SK2412010392 Beijing BEIJING RIBAO in Chinese 12 Dec 92 pp 1, 3

[By reporter Si Jinghui (0674 2529 6540): "Beijing's Economy Witnesses All-Around Growth"]

[Excerpts] The Municipal Planning Commission and Statistical Bureau recently held a meeting to make public Beijing's 1992 economic operation. Statistics show that thanks to the inspiration of Comrade Deng Xiaoping's important speeches and the guidelines of the 14th CPC Congress, the leadership of the municipal party committee and government became more correct; the concerted efforts of the comrades on all fronts of the municipality and a new situation took shape in Beijing's reform and opening; the economy witnessed all-around growth; the economic development rate increased notably; the economic operation was good; and the economy entered a new stage of more rapid development. [passage omitted]

Production continued to grow at a high rate, and economic efficiency continued to improve. Since the beginning of 1992, Beijing's industrial production has maintained a double-digit growth rate. From January to November, Beijing's industrial output value totaled 80.55 billion yuan, up 14.8 percent from the corresponding period of last year; the sales value totaled 76.08 billion yuan, up 11.6 percent; and the marketing rate was 95.4 percent. Large and medium-sized industrial enterprises, whose output value accounted for 70 percent of the municipality's total, played an important backbone role. From January to November, their output value was 54.75 billion yuan, and the marketing rate 98.2 percent. Beijing's industrial economic efficiency has also improved gradually along with the development of production. From January to October, the composite index of the industrial economic efficiency was 117.3 percent, up 2.1 percentage points from the corresponding period of last year.

Agricultural production has developed steadily. Grain per-unit yield was 393.8 kg, up 2.1 percent from last year; and the annual grain output was 2.819 billion kg, marking the 15th year of bumper harvest.

The endeavor of opening to the outside world has been expedited, and the situation in foreign economic relations encouraging. From January to November, Beijing approved the establishment of 1,849 foreign-funded

enterprises of the three types, up more than 280 from the total approved in the previous 13 years; the amount of contracted foreign funds totaled \$2.152 billion, up four times from last year; and the average scale of each project was \$1.16 million, up 42.3 percent from last year's. A pattern has been taking shape in which new technology industrial development experimental zones and zones for the renovation and development of modern tertiary industry were opened to the outside world as a whole. The development zones have so far approved 412 projects with the investment totaling 3.61 billion yuan. The number of overseas tourists has greatly increased in this year, which was designated as a friendly tourist year and an international tourist golden year. From January to November, Beijing received 1.655 million overseas tourists, up 33.9 percent from the corresponding period of last year; and its foreign exchange income from tourism totaled \$970 million, up 21 percent. Beijing's exports totaled \$1.36 billion in the first 11 months of this year, up 10.9 percent from the corresponding period of last year.

Investment has increased appropriately, and the investment pattern has become more reasonable. From January to November, Beijing invested 12.33 billion yuan in fixed assets, up 40.9 percent. As far as the investment pattern was concerned, priority was given first to urban infrastructural facilities. Investment in such facilities totaled 4.22 billion yuan, up 58.3 percent. From January to November, Beijing's fixed asset investment registered a net increase of 3.58 billion yuan over the corresponding period of last year, of which 1.56 billion yuan was made in urban infrastructural facilities, accounting for 43.6 percent. Second, priority was given to equipment renewal and other technical transformation projects. Investment in such projects totaled 4.51 billion yuan, up 58.2 percent. The "738 large program-controlled" project, the Beijing light motor vehicle project, the second-phase construction of the color kinescope project, and other projects aimed at increasing industrial capacity are drawing to an end and are expected to be completed by the end of this year. Third, priority was given to the tertiary industry. The investment in the tertiary industry accounted for 60 percent of the municipality's total investment.

Urban and rural markets have been thriving, and sales have continued to grow. From January to November, Beijing's commodity retail sales totaled 38.85 billion yuan, 19.3 percent higher than the corresponding period of 1991 and 4 percentage points higher than the national average.

Price rises have remained stable, and people's income has increased. Since the beginning of 1992, Beijing has accelerated the price reform and issued some reform measures, thus enabling price rises to remain stable. From January to November, the workers' cost of living index rose by 9.2 percent and the retail price index by 7.7 percent. Thanks to increased income, urban people's per-capita income grew by 6.5 percent in the first 11 months of this year when allowing for price rises.

Beijing has achieved great success in its economic development this year. All its major annual economic targets had been fulfilled by 10 December, and the goal of achieving six "excesses," one "steady increase," and one "improvement" may be attained.

The gross domestic product will exceed 70 billion yuan. Beijing's 1992 gross domestic product will be 70.06 billion yuan, up 10.8 percent from 1991. The industrial output value will exceed 100 billion yuan. The annual target of 97.9 billion yuan had been fulfilled by 10 December, and the annual industrial output value may reach 103.6 billion yuan, up more than 15 percent. The fixed asset investment will exceed 20 billion yuan. On the premise that structural adjustment is continued and infrastructural construction intensified, the growth rate of Beijing's fixed asset investment may reach 38.5 percent this year. Construction of about 30 million square meters of houses was started or resumed, and the floor space of the houses completed will exceed 10 million square meters, of which 750,000 square meters were houses rebuilt from shabby houses. Commodity retail sales will exceed 40 billion yuan and are expected to reach 42.8 billion yuan, up 19.6 percent. Newly approved three types of foreign-funded enterprises will exceed 2,000 and reach 2,100 this year. Grain output will exceed 2.8 billion kg, and the production plans for farm and sideline products will all be fulfilled.

Revenues will register a steady increase. Local revenues are expected to reach 8.03 billion yuan by the end of this year, up about 4 percent from last year, marking the 10th year of steady increase in succession.

The living standard will improve continuously. The workers' cost of living index is expected to increase by 9.9 percent and the retail price index 8.5 percent this year. When allowing for price rises, urban people's per capita cost of living income will increase by about 4.5 percent.

Northeast Region

Heilongjiang To Hold CPPCC Session 3-8 Jan

SK2412040292 Harbin Heilongjiang People's Radio Network in Mandarin 2200 GMT 22 Dec 92

[Text] The first session of the Seventh Provincial Chinese People's Political Consultative Conference [CPPCC] Committee will be held in Harbin from 3 to 8 January 1993. The session's guiding ideology is to unite the democratic parties, nonparty personages, various democratic communities, and personages of various social circles and nationalities throughout the province and mobilize them under the spirit of the 14th CPC Congress; to further emancipate their minds under the leadership of the provincial party committee; to earnestly implement the party's basic line; and to strive to accelerate the province's programs of reform and opening up and the pace of building modernization and to implement in an overall way the tasks set at the 14th

CPC Congress and at the 10th plenum of the sixth provincial party committee. The major items on the session's agenda include hearing and discussing the work report of the Sixth Heilongjiang Provincial CPPCC Standing Committee, discussing the work report of the motions examination committee under the sixth provincial CPPCC committee, and consulting on and discussing the work report of the provincial people's government. They also include discussing the reports on the province's 1993 draft economic and social development plan, the implementation of the 1992 budget, and the 1993 budget; discussing the work reports of the provincial higher people's court and the provincial procuratorate; and electing chairman, vice chairmen, and members of the Standing Committee of the Seventh Provincial CPPCC Committee. During the session, the participating members will hear and discuss the speech of Comrade Sun Weiben, secretary of the provincial party committee.

As was learned, the seventh provincial CPPCC committee will bring about new changes to the province's setups and will approve the dismantlement of supply, marketing cooperatives and handicraft cooperatives founded in the 1950's and approve the establishment of economic setups. It will also approve the decision to change agricultural circles into agricultural and forestry circles.

Jilin Secretary at Spiritual Civilization Meeting

SK2412035792 Changchun Jilin People's Radio Network in Mandarin 1030 GMT 23 Dec 92

[Excerpt] The provincial party committee and government held a provincial meeting this afternoon at the studio of the Jilin Television Station on building the spiritual civilization for the purpose of thoroughly implementing the guidelines of the 14th CPC Congress, mobilizing the people across the province to promote the spiritual civilization with great efforts, and facilitating the development of the market economy. Attending were pertinent leaders, propaganda directors, and directors of the offices for building the spiritual civilization of city, prefectural, and autonomous prefectural party committees and governments as well as responsible comrades of

pertinent provincial departments. Gu Changchun, deputy secretary of the provincial party committee, presided over the meeting.

He Zhukang, secretary of the provincial party committee, gave an important speech on ways to comprehensively intensify the building of the spiritual civilization in the province. He fully affirmed Jilin's remarkable achievements in building the spiritual civilization in the past decade.

He Zhukang pointed out: For some time to come, Jilin's endeavor to build the spiritual civilization should be focused on economic construction, which is the central task, and should serve the development of the socialist market economy. It should help people emancipate their minds and help to promote reform and opening up continuously. It should uphold the four cardinal principles and embody practical work, which is the major theme. It should also be the endeavor accepted by the people willingly.

Speaking on ways to strengthen and improve leadership to build the spiritual civilization where it is most needed, He Zhukang emphasized: The building of the socialist spiritual civilization is a large systems engineering project and a long-term strategic task. Party committees and governments at all levels should conscientiously strengthen and improve leadership over it and organize and coordinate with all trades and professions, mass organizations, and people from all walks of life to participate in and promote it with concerted efforts so as to upgrade it to a new level.

He urged: Efforts should be made to draw up plans for building the spiritual civilization, assign responsibilities to leaders, make meticulous organization for relevant activities, and let education be manifest in the activities to build the spiritual civilization. We should increase the investment in the activities to build spiritual civilization and gradually improve the conditions for the activities. We should attach importance to the guiding role of the press and do a good job in publicizing typical examples so that good methods and experiences can be disseminated, Jilin's endeavor to build spiritual civilization can be upgraded to a new level, and faster and better results can be achieved in raising the economy to a new level. [passage omitted]

Article on KMT Setback in Legislative Election

HK2312121692 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 2100 GMT 20 Dec 92

[Special article by reporter Li Hsiao-Chun (2621 1321 6150)]

[Text] Hong Kong, 20 Dec (ZHONGGUO TONGXUN SHE)—The result of the new Legislative Yuan election that concerns the future political situation in the island came out a few days ago. The ruling Kuomintang [KMT] won 96 seats, but the proportion of votes it won dropped to about 60 percent, while the largest opposition Democratic Progressive Party [DPP] won 50 seats, with the proportion of votes exceeding 35 percent. According to public opinion on the island, the result shows, on the one hand, the strong onslaught brought on the KMT which has held a "predominant" position for a long time and, on the other, the mentality of voters who wish for new changes due to their dissatisfaction with the present conditions in the island. As a result, the confrontation between the two parties in the Legislative Yuan will certainly be sharpened, and the KMT structure will be bogged down in an internal conflict so that the future political situation in the island will be confronted with new onslaughts.

Taiwan's second set of legislators have been elected on an overall scale for the first time in more than 40 years. It not only concerns the island's political development in the next three years, but also has a far-reaching impact on the KMT's readjustment of mainland policies and the future development of relations between the two sides of the straits. That is why it attracts people's particular attention. To win a victory in this election, both the ruling party and the opposition have resorted to unusual tricks and tactics to win over the voters, triggering off more than 1,000 cases of vote-buying, violence, and violation of law and regulations. No doubt, this will leave an indelible smirch in the current election and the direction of future political development in Taiwan.

Having monopolized political power in Taiwan for a long time, the KMT originally hoped to win more than 70 percent of the 161 seats in this election, but it unexpectedly encountered the greatest setback in the island's elections in over 40 years. Particularly, the candidates of Chiszu Society (ji si hui 7162 1835 2585), the KMT's largest faction in the Legislative Yuan which has been regarded as the party's mainstream, toppled in the election one after another because of their inclination of "one China, one Taiwan" and their emphasis on safeguarding sovereignty over Taiwan. The failure of Tsai Pi-huang (5591 1084 3552) and Lin Yu-hsiang (2651 6877 4382), president and secretary general of the Chiszu Society respectively, even more clearly shows that the inclination of "one China, one Taiwan" is not favored by the people in Taiwan. However, the candidates of the party's new united front have mostly been elected for resolutely advocating "one China," which, to a certain extent, reflects that this KMT faction opposed

to special privileges and to Taiwan independence is accepted by the Taiwan people.

According to an analysis of the island's public opinion, one of the major reasons for the KMT's serious defeat in this election is its internal conflicts. Recently, the party had divergent opinions on the way the proposition of "one China, one Taiwan" was handled so that it could not muster the strength to win the voting. Moreover, the force dissatisfied with the prowess and privileges in the party increasingly gained ground so that as many as 43 KMT candidates, including Wang Chien-shien (3769 1696 3551) and Jaw Shau-kong (6392 1421 1660), resigned and ran for election as independents, thus disrupting the KMT's original deployment for the election.

Regarding the reasons that the DPP was able to win 36 percent of the vote in this election, besides profiting from the KMT's internal conflicts, it is attributed to the mentality of the island's voters who yearn for change and new things, and to the election tactics subtly employed by the DPP, whereby the tone of "Taiwan independence" has been lowered, and stress has been put on the political appeal of seeking welfare for the people. But, the DPP's success in this election does not mean that its proposition of "Taiwan independence" has been gradually approved by the people on the island. Conversely, its crushing defeat in last year's election of "National Assembly members" proves that Taiwan independence is still an impasse totally discarded by the Taiwan people. If the DPP will return to the correct path and abandon its proposition of "Taiwan independence," really taking into consideration the interests of the people, the country, and the nation as a whole, perhaps it still will have much to accomplish, otherwise, it will be cast aside by the Taiwan people in the days ahead.

It can be anticipated that with the power of the KMT and DPP growing on one side and waning on the other as a result of the Legislative Yuan election, and the rise of "political stars" and a faction dissatisfied with the party authorities represented by Wang Chien-shien, Jaw Shau-kong, Kuan Chung (7070 0022), and others, the KMT will face a powerful check and balance from forces within and outside the party, and several unpredictable possibilities will therefore be cast on Taiwan's future political situation.

Cross-Strait Seminar on Industrial Policy Opens

OW2312154392 Beijing XINHUA Domestic Service in
Chinese 1110 GMT 21 Dec 92

[By reporter Cai Guoyan (5591 0948 3533)]

[Text] Xiamen, 21 Dec (XINHUA)—Today, scores of famous economists and businessmen from the two sides of the strait gathered here to examine cross-strait industrial development policy and trade cooperation.

The cross-strait seminar on industrial development policy which opened in Xiamen today will mainly explore cross-strait industrial development policy and

the economic lessons from it. The details include: features pertaining to the development of high and new technology, energy, the processing industry, agriculture, banking and other industries; the effects of industrial policy on industrial development and cross-strait trade relations; the complementariness of cross-strait economic development and the possibility of widening economic cooperation; and cross-strait cooperation such as in science, technology, infrastructure construction, development of mineral resources and the processing industry.

Some 30 famous economists and senior managers, including Professor Liu Guoguang, vice president of the Chinese Academy of Social Sciences, represented the mainland at the seminar. The Taiwan side is represented by 17 noted economists and renowned businessmen, including Professor Yu Zhongxian, president of the Chunghua Institute of Economic Research.

The seminar will last four days. After that, the participants will visit Xiamen, Fuzhou, and Quanzhou for a fact-finding tour.

Vice Minister on Christopher Appointment Impact
OW2412083192 Taipei CNA in English 0757 GMT 24 Dec 92

[Text] Taipei, Dec. 24 (CNA)—Warren Christopher's appointment by US President-elect Clinton as secretary of state in his new government will not have any great impact on the development of ROC [Republic of China]-US relations, Vice Foreign Minister Chen Chien-jen said Wednesday.

Christopher, a lawyer-turned diplomat, was here at the end of December, 1978 to negotiate with ROC officials in his capacity as deputy secretary of state in the Carter administration after the two nations severed diplomatic ties earlier that month.

During that visit, Christopher was surrounded and harassed by angry citizens who threw eggs at his car.

Although Christopher does not have extensive background in Chinese affairs per se, his position in the last democratic administration gave him vast overall foreign affairs experience.

Textile Quota Accord Reached With U.S.

OW2412115992 Taipei Voice of Free China in English 0200 GMT 20 Dec 92

[From the "News" program]

[Text] ROC [Republic of China]-U.S. textile negotiations concluded on Friday [18 December] with both sides agreeing on the quota of textile items that ROC is to export to the United States in the next couple of years.

(Hsu Chao-ling), deputy director general of the Board of Foreign Trade, said at a press conference that both sides had agreed that the quotas of girdles for 1993, 1994, and 1995 are 717,000, 750,000 and 286,500 dozens respectively.

Mainland Closure of French Consulate Reported

OW2412082492 Taipei CNA in English 0754 GMT 24 Dec 92

[Text] Taipei, Dec. 24 (CNA)—Marc Menguy, director of the French Institute in Taipei, declined to comment on the report that Peking is closing the French Consulate General in Guangzhou in protest over the sale of advanced fighter jets to Taipei.

An AP [ASSOCIATED PRESS] report from Peking says that the French Embassy in Peking would not comment on the development.

Communist Chinese [Assistant] Foreign Minister Jiang Enzhu Wednesday summoned French Ambassador Claude Martin to the Foreign Ministry to order the consulate's closure.

France has consulate general offices in Shanghai and Guangzhou in addition to its embassy in Peking.

A spokeswoman of Peking's Foreign Ministry quoted Jiang as saying that France had "seriously infringed on China's sovereignty and security, interfered in China's internal affairs and obstructed and jeopardized China's efforts to achieve peaceful reunification" with Taiwan. "This is absolutely unacceptable to the Chinese side," she added.

The French Government recently approved the sale of 60 assault Mirage 2000-5 fighter jets to the Republic of China [ROC].

When US President George Bush decided to sell 150 F-16 fighter jets to Taipei, Peking was also infuriated. However, no strong retaliatory action has been taken against Washington so far.

A spokesman for the US Embassy in Peking said there had been no signal that Peking was contemplating similar retaliation against the US.

A Hong Kong television station reported Wednesday that mainland Chinese Foreign Minister Qian Qichen said in Peking that the retaliation against France was not discriminatory action.

He maintained that the US has promised to gradually reduce its military sales to Taiwan and that the F-16 deal could be tolerated for the moment. As for France, Peking would not tolerate the fighter jet sale because there is no precedent of French military sales to Taiwan, and that France must pay the price for the decision.

CETRA Chief Foresees Growth in Export Sector

OW2412093892 Taipei CNA in English 0828 GMT 24 Dec 92

[Text] Taipei, Dec. 24 (CNA)—The nation's exports are expected to expand further next year, benefiting from the economic recovery in Western countries, Secretary General Augustin Liu of the China External Trade Development Council (CETRA) said Wednesday.

Analyzing world economic development at the CETRA year-end press conference, Liu said that the US economy is expected to turn from its current low-scale growth to a moderate one beginning in the middle of next year under the strong incentive of expanded public expenditure to be undertaken by President-elect Clinton.

In Europe, the downward movement in interest rates, the formation of the European single market and the increases in consumption and investments will help speed up economic recovery there.

The economy of Japan, where enterprises are plagued by overstockpiling, will experience a turn for the better once enterprises complete self-adjustment.

Liu stressed that in order to put Taiwan in a favorable situation, CETRA will actively take necessary measures to help local enterprises promote overseas markets.

On cross-strait trade, Liu said that helping the promotion of the mainland market has always been one of CETRA's goals, and that to help achieve this, it will set up an "information service center" in either Guangzhou or Shanghai to help Taiwan investors collect the latest mainland business information.

He said that CETRA will enhance cooperation with its mainland counterpart, the semi-official "China Council for the Promotion of International Trade" in promoting trade between the two sides of the straits.

He added CETRA will organize two missions to take part in an international machinery exhibition in Guangzhou in March and a computer or garment exhibition in Beijing in May, and if possible, will sponsor a Taiwan products exhibition on the mainland through the assistance of a third country.

Think Tank Predicts Continued Economic Growth

OW2412093692 Taipei CNA in English 0839 GMT 24 Dec 92

[Text] Taipei, Dec. 24 (CNA)—The Taiwan economy is expected to advance 6.72 percent in 1993, a private economic think tank said Wednesday.

Liu Tai-ying, president of the Taiwan Institute of Economic Research (TIER), noted that domestic growth next year will top this year's predicted 6.31 percent as well as that of Asia's other "four little dragons."

The institute put the 1993 economic growth in South Korea, Hong Kong, and Singapore at 6.5 percent, 5.3 percent, and six percent respectively.

In a speech entitled "1993 Economic Outlook," Liu cited the substantial increase in private consumption and investment as the driving force behind Taiwan's steady economic expansion.

The TIER head however pointed out that slow export growth, lagging public investments, and rising commodity prices will have adverse impact on future economic development.

He forecast that the export growth will go up from 6.85 percent this year to 9.02 percent next year, and that investment will be boosted around 12.4 percent in both years, while the rise in consumption will fall from 7.27 percent to 6.33 percent.

Noting that oil prices might climb on international markets, which in turn will push up domestic gas and electricity prices, he predicted that domestic consumer prices would rise 4.71 percent in 1993, slightly higher than 4.6 percent this year. Wholesale, import, and export prices were set to jump 0.34 percent, 1.4 percent, and 1.07 percent separately next year.

He pointed to lower interest rates and the new Taiwan [NT] dollar's value against the US currency. The interest would slip by 0.25 percentage points in 1993, and the

exchange rate between the NT dollar and the greenback would average 25.38:1 as compared to 25.11:1 this year, he said.

On the property market, he said that house sales would rise 10 percent next year, accompanied by an 8.8 percent profitability. Oversupply is to blame for the lackluster performance, he noted.

The leading economist saw the trend of hollowing out in domestic industries, noting that industrial growth accounted for only half of the overall economic growth in the past five years.

From 1988 to 1992, he elaborated, industrial production made up for about 41 percent of the gross national product (GNP), the country's total output in goods and services, adding the percentage of the manufacturing sector in GNP stood at 33 percent.

All these indicate that the country's economic growth came mainly from service industries, he said. Too heavy a dependence on the service sector might turn a moderate growth into a low one, he warned.

He pointed out that the fields of food, plastics, paper-making, cement, machine tools, and electronics would experience a turn for the better in the coming year, while man-made fibers, cotton, and clothing might post negative growth.

Stressing that the relocation of many enterprises abroad has adversely affected economic development here, he called on domestic manufacturers to engage in production of more value-added goods and thus help develop Taiwan into a financial, scientific, and trade center in the Asia-Pacific region.

The economies in the Pacific basin will remain the bright spot amidst the global sluggishness, Liu said, adding the China mainland would post record high growth of about [figure indistinct] percent.

By comparison, he pointed out, world economic growth, for which a hike from zero percent last year to one percent this year is predicted, would jump to 2.8 percent in 1993, while that in major industrial countries will go up from 0.6 percent in 1991 to 1.5 percent in 1992 and to 2.1 percent in 1993.

Forecasting that the strong economic strength in the Pacific would continue into the 21st century, Liu said that nearly 80 percent of Taiwan's foreign trade would come from this part of the world.

National Assembly Holds Preparatory Meeting 24 Dec

OW2412085592 Taipei CNA in English 0759 GMT 24 Dec 92

[Text] Taipei, Dec. 24 (CNA)—The 402 members of the National Assembly attended a preparatory meeting

Thursday for the second extraordinary session of the assembly at the Chungshan building in Yangmingshan, suburban Taipei.

The second extraordinary session will open Friday. President Li Teng-hui will present his state of the nation report during the 23-day session, with members of the assembly deciding whether to endorse the new members of the Control Yuan nominated by the president.

The preparatory meeting will elect the chairman of the opening ceremony and the members of the presidium.

KMT Committee Holds 'Soul-Searching' Session

OW2412085692 Taipei CNA in English 0810 GMT 24 Dec 92

[Text] Taipei, Dec. 24 (CNA)—The Kuomintang should re-examine its platform, policy and campaign apparatus in view of changing social conditions, ranking party officials said Wednesday.

The KMT's decision-making Central Standing Committee (CSC) met Wednesday for a soul-searching session on the party's lackluster performance in the Dec. 19 legislative election.

Most CSC members agreed that it was a combination of complicated factors, not just a single factor, that led to the party's election setback.

Wang Shu-chin, director of the party's organization affairs department, said the failure to accurately gauge the pulse of society was a "fatal flaw."

Wang regretted that many pre-election assessments of voting results by various party units had proved incorrect.

The unprecedented large number of party members who ran on their own also disturbed the party's overall campaign plan and strategy, Wang complained.

He also expressed the hope that all KMT members would stand united and would not do anything that might deepen the "complex of provincialism."

"Stressing provincialism will do no good to the ruling party," he stressed.

"If all party members put party and national interests above their personal interests," Wang said, "the party will continue to dominate the legislature as it still controls a comfortable majority."

Wang said as the new legislature is expected to play an increasingly important role in the country's political process, the function of the party's policy coordination commission should be strengthened to coordinate KMT legislators and the party.

Many Standing Committee members also spoke on election issues. Former Premier Yu Kuo-hwa said somebody should be held responsible for the disappointing election outcome.

Another former Premier Li Huan suggested that a task force be formed to examine the main causes behind the party's election setback.

For most CSC members, the defeat was not necessarily a bad thing for the ruling party. It is time for the party to adjust its policy to meet people's needs, they said.

President Li Teng-hui, in his capacity as chairman of the party, ordered the formation of a special task force to re-examine the party's nomination process, campaign apparatus and strategy.

Li for a third time Wednesday asked KMT Secretary-General Sung Chu-yu to reconsider his decision to resign. He gave Sung a 10 day leave.

Editorial Views Outcome of Elections

OW2312144292 Taipei CNA in English 1351 GMT 23 Dec 92

[Editorial from the 23 December EXPRESS NEWS: "A Victory for Democracy"]

[Text] Taipei, Dec. 23 (CNA)—The results of last week's watershed Legislative Yuan elections might have disappointed some officials of the ruling Kuomintang (KMT) which used to enjoy nearly 70 percent of support in popular vote. The outcome, however, was definitely a resounding victory for democracy on the island.

In the elections, the opposition Democratic Progressive Party (DPP) did unexpectedly well, winning more than 30 percent of the vote and doubling its seats to 50 in the all-powerful, 161-member legislature. But an important fact is that the DPP legislators-elect ran on public policy platforms instead of the advocacy of Taiwan independence as was the case during last year's National Assembly elections in which the opposition was soundly defeated collecting only [words indistinct] the vote.

It means the electorate is much more sophisticated than it has been given credit for. Therefore, there seems to be a firm foundation for the development of a real multi-party system here.

That is certainly something the KMT can take comfort in. The ruling party has already created on the island the most prosperous, most open and most democratic society in China's entire 5,000-year history. The creation of a genuine multiparty system in Taiwan will be a real feather in its cap that is unrivaled in the whole of East Asia.

Furthermore, despite the [word indistinct] setbacks the KMT suffered in the elections, the governing party still had the support of some 63 percent of the electorate if the votes of those members not formally nominated by

the party were also included. That figure would be an envy of any other modern democracy.

But it is certainly time for the KMT to do some soul-searching. It was the decisive victory of the ruling party in the National Assembly elections last year that made it possible for a smooth amendment of the Constitution, thereby paving the way for the first reelection of all members of the legislature. Despite all the achievements, however, the KMT has seen its support eroded considerably in the past year.

The message from the electorate is clear. It is not enough to maintain the status quo.

Second Election Possible in Hualien Due to Scandal

OW2412093592 Taipei CNA in English 0822 GMT 24 Dec 92

[Text] Taipei, Dec. 24 (CNA)— The Central Election Commission stated Wednesday [23 December] that a reelection for two legislative seats could be held in Hualien, eastern Taiwan, if the alleged vote-rigging is confirmed by the court.

At the demand of candidate Huang Hsin-chieh, the Hualien County Election Commission Wednesday recounted the votes from 12 balloting stations where the poll results were questioned. Huang, a DPP nominee, lost to Kuomintang [KMT] candidate Wei Mu-tsun by a mere 59 votes in the Dec. 19 election.

The county poll commission found that the number of ballots exceeded the number of registered voters by 738 in a total of nine of the 12 balloting stations designated by Huang.

"I was shocked. This is a big disgrace," Wu Kuo-tung, chairman of the county election committee, told a press conference.

Huang, former chairman of the Democratic Progressive Party (DPP) which is the largest opposition party in Taiwan, later issued a statement demanding that the Hualien prosecutor's office put in custody those poll workers suspected of "vote-rigging."

The statement described the scandal as a "massive fraud," arguing that it is in no way a simple case of negligence of duty by individual workers since as many as nine balloting stations were implicated in the case.

Wu pledged to see to it that those found involved would be punished harshly in accordance with the law.

Kuo Chih-lung, director of the KMT Hualien branch organization, expressed regrets over the "unfortunate incident" and hoped Hualien residents would remain calm while this cloud hangs overhead.

The DPP and the KMT fielded five and four supervisors respectively to the 12 balloting stations, with the remainder being sent by the county election commission. "Under the circumstances, I really cannot figure out how the 'vote-rigging' could have been done," Kuo said.

In Taipei, the Central Election Commission postponed from Wednesday to Thursday afternoon a meeting during which the list of legislator-elects will be screened. Sources said the Hualien poll incident will be discussed during the meeting.

The commission has yet to decide whether to formally publish the list of legislator-elects on Dec. 26 as stipulated by the election rules, the sources said.

Hong Kong

Qian Qichen Calls for UK Cooperation

OW2312131992 Beijing XINHUA in English 1248
GMT 23 Dec 92

[Text] Beijing, December 23 (XINHUA)—Chinese State Councillor and Foreign Minister Qian Qichen said here today that China and Britain should strengthen co-operation so as to ensure a smooth transition of Hong Kong, with the year 1997 approaching.

He made the remark at a meeting with a delegation from the Democratic Alliance for the Betterment of Hong Kong, led by its Chairman Tsang Yok Sing here this afternoon.

Qian said it will be unfavorable not only to Hong Kong, but also to China and Britain if troubles arise in the latter part of Hong Kong's transitional period.

This will never be allowed by the Chinese Government, he affirmed.

Qian said the Chinese Mainland's continuing reform and opening to the outside world and growing economy will guarantee the maintenance of Hong Kong's prosperity and stability.

From a long-term point of view, he said, he has full confidence in Hong Kong's future.

Chen Ziyang, deputy director of the Hong Kong and Macao Affairs Office under the State Council, attended the meeting.

Expects Hurd Visit in March

HK2412045692 Hong Kong SOUTH CHINA
MORNING POST in English 24 Dec 92 p 2

[Report by Doreen Cheung in Beijing]

[Text] Chinese Foreign Minister Mr Qian Qichen said yesterday he was expecting the British Foreign Secretary, Mr Douglas Hurd, to visit Beijing in March.

Mr Qiao also dropped a strong hint that China and Britain could resume co-operation some time after the visit, a delegation from the Democratic Alliance for the Betterment of Hong Kong was told.

"According to the Memorandum of Understanding on the new airport, both foreign ministers should have a meeting next March. It should be the British Foreign Secretary's turn to go to the Chinese capital," Mr Tam Yiu-chung quoted Mr Qian as saying.

Mr Qian was also quoted as saying: "We think there will be some changes (in current Sino-British relations). But it is not yet the right time.

"Hong Kong is a crucial issue in the two countries' relations. Whenever (Sino-British relations) take one step forward, there are always troubles and disputes."

A British Foreign Office spokeswoman said that under the airport memorandum, the British Foreign Secretary and the Chinese Foreign Minister had to meet every six months.

Noting their last meeting was held in September in New York, the spokeswoman said that neither the date nor the place for the next meeting had been fixed.

Delegation members said they were also told that China had no intention of increasing the daily quota of issuing 75 single-journey permits for Chinese immigrants despite great demand.

A bureau chief of the Ministry of Public Security, Mr Mao Fengping, said he would consider raising the quota for two-way permits to about 400 to 500 and extending the length of stay in Hong Kong to three months.

A department head of the Ministry of Foreign Economic Relations and Trade, Mr Li Chunzhou, told the delegation that China was optimistic that the United States would renew its Most Favoured Nation status without conditions.

Delegation Clarifies 'Separate Kitchen' Meaning

HK2412100092 Hong Kong HSIN WAN PAO in
Chinese 24 Dec 92 p 1

["Special dispatch" from Beijing by staff reporter Kuan Hui-ling (7070 1979 3781): "The Democratic Alliance for the Betterment of Hong Kong Delegation Will Return to Hong Kong This Afternoon and Meet With Hong Kong Governor Later On"]

[Text] The Democratic Alliance for the Betterment of Hong Kong [DABHK] delegation has concluded its four-day visit to Beijing and will return to Hong Kong this afternoon. The DABHK has briefed the Chinese side on Hong Kong people's worries under the current difficult circumstances during the visit. When its members meet with Hong Kong Governor Chris Patten later on, they will tell the governor that the key to resolving the current impasse lies in sincere actions on the British side and that China will not make any concessions on issues of principle.

DABHK chairman Tsang Yok-sing said that during their current visit to Beijing they briefed the Chinese side on Hong Kong people's worries on issues concerning Hong Kong's political reform and succeeded in obtaining clarifications on questions of public concern. Therefore, they now envisage a way out for resolving the current impasse in the Sino-British relations.

Tsang Yok-sing said that the Chinese Government still sticks firmly to its position and will not make any concessions on issues of principle. If the British side wants to resume dialogue, it should honor its commitments. Tsang held that should the British attitude remain unchanged in the immediate future, it would only be difficult for both sides to resume negotiations.

In another development, when interviewed by our staff reporters, DABHK secretary general Cheng Kai-nam said that when they meet with Hong Kong Governor Chris Patten at the start of next year, they will mainly try to brief the governor on Hong Kong people's opinions and probably pass on the view to the governor that the key to resolving the current impasse lies in sincere actions by the British side. Cheng said that in his opinion, Chris Patten should discard his political reform package or revise it so that it conforms with the Basic Law. Moreover, he should also hold discussions with the Chinese side. All these gestures should be considered sincere actions.

Cheng Kai-nam said that during their visit to Beijing, apart from learning that the Chinese Government still maintains a positive attitude toward resuming consultations, what is more important is that they have had the question of "setting up a separate kitchen" clarified. Cheng said that the "separate kitchen" mentioned by Lu Ping is only a method of forming the first [special administrative region] legislative council and government, not a second power center composed of a group of people as rumor has claimed. The Chinese side has always held that the best way out is for the two countries to resume consultations.

Therefore, Cheng Kai-nam believed that the British side still holds the key to resolving the current impasse. He hoped that Chris Patten will take some actions to restore China's confidence. "It is quite understandable that the Chinese side is unwilling to talk to the British side because it lacks a sense of security concerning the credibility of its partner."

As regards the possible change in the Sino-British relations as predicted by Qian Qichen yesterday, Cheng Kai-nam believed that if there is one, the change will certainly be on the British side. China will make no concessions on principles.

Cheng Kai-nam denied the report that DABHK has acted as a go-between or mediator or has played any other role. He held that DABHK has only played its role as an envoy who has come here to reflect Hong Kong people's worries under the current difficult circumstances.

XINHUA Official on Bar Association Statement

HK2412075592 Beijing ZHONGGUO XINWEN SHE in Chinese 1621 GMT 23 Dec 92

[Text] Hong Kong, 23 Dec (ZHONGGUO XINWEN SHE)—In light of the "Statement on the Chinese Side's Refusal To Recognize Leases and Contracts on Franchises Straddling 1997" that the Bar Council of the Hong Kong Bar Association issued today, this reporter has interviewed Sun Nansheng, head of the Propaganda Department of the XINHUA NEWS AGENCY's Hong Kong Branch, who has issued a statement.

The main points of Sun Nansheng's statement are as follows:

1. Provisions 1 and 2 of the Sino-British Joint Declaration have limited the effective authority of the British Hong Kong Government within a specified timeframe. The British Hong Kong Government has no right to handle any affair beyond 30 June 1997, and unilateral decisions by the British Hong Kong Government on affairs straddling 1997 have no legal basis and constitute an infringement of rights.

2. Article 160 of the Basic Law stipulates that a prerequisite for the continued validity of documents, certificates, contracts, and rights and obligations that are valid under the laws currently in force in Hong Kong is that they do not contravene the Basic Law. The Preamble of the Basic Law makes clear from the very beginning that the PRC Government will resume the exercise of sovereignty over Hong Kong with effect from 1 July 1997. This is also the gist of the Sino-British Joint Declaration. Unilateral decisions by the British Hong Kong Government on anything straddling 1997 in itself contravenes the Basic Law and also violates the Sino-British Joint Declaration. In explaining the Basic Law, by deliberately omitting in Paragraph 2, Point 6 [as received] of its statement the prerequisite of not contravening the Basic Law, the Bar Association Bar Council has intentionally deceived public opinion.

3. International law does not specify that a new government should undertake the contracts of the previous government. There is an existing legal basis in international law that a new government has the right to not recognize the contracts signed by the former government. Moreover, the present British Hong Kong Government is a colonial regime, while the future government of the Hong Kong Special Administrative Region will be a local political power under the jurisdiction of a unified sovereign state. They are totally different in nature.

4. Article 158, Chapter VIII, of the Basic Law stipulates that the power of interpretation of the Basic Law shall be vested in the Standing Committee of the National People's Congress. We are amazed at how some legal professionals have willfully distorted the Basic Law to mislead people.

UK Envoy Rules Out U.S. Mediation on Hong Kong

HK2412062692 Hong Kong RTHK Radio Four in English 0500 GMT 24 Dec 92

[From the "News at One" program]

[Text] The British ambassador in Peking, Sir Robin McLaren, says there is no need for a third party to intervene in affairs between China and Britain. Terry Nealon reports:

[Begin recording] Sir Robin was replying to a question about whether American President-elect Bill Clinton should step in to get talks between Britain and China restarted. Sir Robin said the two countries had always been able to talk to each other directly. He added the

British Government supported and was abiding by the Joint Declaration and the airport agreement. He also said he was always optimistic about Sino-British relations and he hoped that next year would bring better luck. [end recording]

Poll Shows Fall in Governor's Approval Rating

HK2412070092 Hong Kong *THE STANDARD* in English 24 Dec 92 pp 1, 4

["Exclusive" report by Brett Free]

[Text] Beijing's badgering and abuse of Governor Chris Patten have had a dramatic effect on his approval rating and confidence about the future, according to an exclusive survey.

The poll commissioned by *THE STANDARD* shows Patten's approval rating dropped from 81 percent after his landmark policy address on 7 October to 63 percent in mid-December.

There have been other massive swings in opinion which indicate Hong Kong people are more and more scared of Beijing's constant attacks against the Patten plan.

And, interestingly, more people are tending to criticise Patten for the trouble—not Beijing.

There was a complete reversal of opinion on whether Patten should have consulted China before stating his proposals.

After the policy address, 74 percent of those surveyed said Patten should not have consulted China and 20 percent said he should have.

The latest results show 71 percent say he should have consulted China and 26 percent say no.

Asian Commercial Research Ltd pollster David Bottomley said public confidence was high after Patten's address and people generally felt better about the future.

"At that stage it was like the Hong Kong dragon, undaunted and ready to stand up and fight the world," he said.

"Now it looks like the dragon has its tail between its legs. Talk about volatile public opinion."

Bottomley said 800 comments were offered during the telephone survey, in Cantonese, of 545 people aged 18 to 64 between 9-11 December and on 14 December.

He said 65 percent of the comments were critical of Patten and 35 percent favourable.

Major areas of concern were that it was not appropriate to fight with China, the reforms were destroying the economy and stock market and that Patten appeared too tough or did not know how to deal with Chinese officials.

On the plus side people said Patten was "really fighting for Hong Kong people", he was persistent and tough, pleasant and close to people or "he tried his best, it's not his fault".

Bottomley said the results were significant because those surveyed made comments in their own words and were not given a list to choose from.

"Some people would start off saying 'he really fights for people' but then qualify it by saying it was not appropriate to fight with the PRC," he said.

"There has been very little blame of the PRC and a great deal of retreat by Hong Kong people.

"The mood now is one of depression and a lack of confidence. The PRC has really scared people. It is a cataclysm in public opinion."

The mood swings are evident in all survey results.

In October, 81 percent of those surveyed were confident Patten could accomplish his goals within the next five years but now only 45 percent are confident.

More people now say the pace of democracy is too fast—51 percent in December compared with 22 percent in October.

Similarly, 40 percent of people now think the pace of democracy is about right or not fast enough compared with 64 percent in October.

Opinion on the Governor's options has also changed, with fewer people favouring a referendum and more calling on him to back down.

In October, 51 percent wanted a referendum, 26 percent said go ahead regardless of the PRC and 8 percent said compromise.

The latest figures showed 41 percent wanted a referendum, 14 percent said stand firm and implement the proposals, 14 percent said retreat (withdraw or start again, go back to previous UK position, resign and go back to UK) and 1 percent had no opinion.

The knock-on effects have been dramatic. In October, 64 percent of people were more confident about the future for themselves and family. The latest survey found 32 percent more optimistic.

Survey Results Appraised

HK2412065592 Hong Kong *THE STANDARD* in English 24 Dec 92 pp 1, 4

["Comment" column by political editor Brett Free]

[Text] Polls are funny things, in a somewhat similar position to Governor Chris Patten.

If they bode well, they are hailed and cited; if they reveal some unpleasant trend they are disregarded or ignored.

U.S. President George Bush publicly denied that significant opinion swings against him in polls would really reflect the outcome of his bid for a second term.

He was wrong. He did not respond. He lost.

In Australia last week, the Federal Parliament's Coalition opposition leader John Hewson unveiled an overhauled election platform, "Fightback," after a public outcry over several key areas, including a goods and services tax on groceries and scrapping of unemployment benefits after nine months.

Hewson and the Coalition were reacting as much to public opinion—as reflected in various polls—as against continued Labor Party government attacks against the package. He was immediately accused of backing down; being a man you can't trust; someone who doesn't keep his word.

Of this, Hewson said: "Defiance of the people is not leadership—it is dictatorship. Acceptance of the people's will is not weakness—it is democracy."

The latest poll commissioned by The Standard may be interpreted as saying it is time for Patten to "accept the people's will" and back away from his reform package. Indeed, if this is truly how Hong Kong feels, he has committed himself to this road already by being prepared to go as far as Hong Kong people want—no more, no less.

The outcome will be decided in the Legislative Council, which represents Hong Kong people and sectorial interests. Simple and fair.

However, it must be remembered, that all the vitriol directed against Patten and his plan has come from China, or pro-China interests in Hong Kong.

The latest results seem more a case of Hong Kong people reacting to the abuse from China against Patten rather than reacting against Patten himself.

The danger following this "road to hell" (to borrow a phrase from the XINHUA News Agency) is that Hong Kong people sacrifice their right to a "high degree of autonomy" and "Hong Kong people ruling Hong Kong" as promised in the Basic Law and Joint Declaration.

If they give up now, what hope is there after 1997?

There have been changes in outlook, fuelled by threats from Beijing to tamper with, or cripple, Hong Kong's economy to win the political war.

Stability and security are goals cherished by Hong Kong people and the short-term answer appears to lie in appeasing the fire-breathing dragons up north.

But long-term stability and prosperity lie in asserting and defending the unique cultural, political, and economic identity of Hong Kong that so clearly sets it apart from the mainland.

If not, then Hong Kong may just as well be renamed Shenzhen after 1997.

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